

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



August 29, 1991

BRUCE KING
GOVERNOR

~~OXY USA, INC.~~

Box 50250
Midland, Texas 79710

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ATTN: Richard E. Foppiano, Regulatory Affairs Advisor
Western Region

RE: *Administrative Application by Chevron USA,
Inc. for an Unorthodox Gas Well Location
Graham State (NCT-L) Com Well No. 11
P-25-T19S-R36E, Eumont Gas Pool,
Lea County, New Mexico.*

Dear Mr. Foppiano:

I am in receipt of your objection by letter dated August 16, 1991 to the subject application. The well in which your objection is directed meet the requirements for Rule 2(b)4 of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, as it relates to off-setting outer boundary lines to a 320-acre gas spacing and proration unit. The necessity for said application occurred because the location is closer than 330 feet to an internal quarter - quarter section line. In fact all three wells to be simultaneously dedicated to the E/2 of said Section 11 meet the off-set requirements of Rule 2(b)4.

OXY's objection is without merit at this time, the NMOCD shall therefore process the subject application of Chevron.

Should OXY wish to renew the stated objection, please file an appropriate application for hearing.

Sincerely,

MICHAEL E. STOGNER
Chief Hearing Officer/Engineer

MES/jc

cc: OCD - Hobbs
NMSLO - Santa Fe
File: NSL - 3044(SD)

September 27, 1991

OXY USA, Inc.
Box 50250
Midland, TX 79710

Attention: Richard E. Foppiano

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Attention: A. W. Bohling

Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504-2208

Attention: William F. Carr

RE: Division Administrative Order NSL-3007(SD)

Dear Messrs. Foppiano, Bohling and Carr:

Please refer to OXY USA Inc.'s letter dated May 2, 1991 objecting to Chevrns USA Inc.'s administrative application for an unorthodox Eumont Gas well location and simultaneous dedication for their Arnott Ramsey (NCT-C) Well No. 5, located in Unit N of Section 21, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico. Said application was filed with the Division on April 1, 1991. Also, refer to Chevron's official response to said May 2nd letter from William F. Carr of Campbell & Black, P.A. of Santa Fe, New Mexico dated May 7, 1991 (see copies of both letters attached).

The subject application was filed by Chevron pursuant to the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended. Since all of the requirements under Rule 2(c) of said Special Rules and Regulations were met, Order NSL-3007(SD) was subsequently issued by the Division.

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In reviewing the file for said Order and both of the letters, it appears adequate notice was given to all parties concerned in the matter and that the required 20-day waiting period has lapsed with no objections. Therefore, all provisions of NSL-3007(SD) shall continue to remain in full force and effect until further notice.

I would suggest that Chevron update their mailing list to correctly show OXY's Midland address so that this situation will not arise in the future.

Should any party have any questions or additional concerns, please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Hobbs
File: NSL-3007(SD)
William J. LeMay, Director - OCD
NM State Land Office - Santa Fe