



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 2, 1998

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: A. H. Schaeffer

*Reinstatement of Division
Administrative Order NSP-152-B(SD)*

Dear Mr. Schaeffer:

Reference is made to your application dated August 26, 1998 to reduce the acreage of the existing 320-acre non-standard gas spacing and proration unit ("GPU") in the Eumont Gas Pool comprising the S/2 of Section 24, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico by omitting the 40 acres comprising the NW/4 SW/4 (Unit L) of Section 24.

By Division Administrative Order NSP-152, dated June 15, 1955, a 320-acre a non-standard GPU, comprising the S/2 of Section 24, was initially established and had dedicated thereon the H. T. Mattern (NCT-A) Well No. 1 (**API No. 30-025-12738**), located 330 feet from the South line and 2310 feet from the East line (Unit O) of Section 24, which was "grandfathered" in as a standard Eumont gas well location for the subject 320-acre GPU pursuant to **Rule 2(b)** of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool," as promulgated by Division Order No. R-8170, dated March 28, 1986.

By Division Administrative Order NSP-152-A(SD), dated May 31, 1991, the aforementioned 320-acre GPU was reduced to a 280-acre non-standard gas spacing and proration unit, comprising the N/2 SW/4, SE/4 SW/4, and SE/4 of Section 24, and had dedicated to it the aforementioned H. T. Mattern (NCT-A) Well No. 1 and to the H. T. Mattern (NCT-A) Well No. 2 (**API No. 30-025-04769**), located at a standard gas well location 1650 feet from the South and East lines (Unit J) of Section 24. This 280-acre GPU was created by deleting therefrom the 40 acres comprising the SW/4 SW/4 (Unit M) of Section 24 in order to establish a standard 40-acre Eumont oil spacing and proration unit for the H. T. Mattern (NCT-A) Well No. 5 (**API No. 30-025-31013**), located at a standard Eumont oil well location 660 feet from the South line and 990 feet from the West line (Unit M) of Section 24 [also referenced in Order NSP-152-A(SD)].

By an Order dated August 16, 1996 the Division reinstated Division Administrative Order NSP-152 and reestablished the previously authorized 320-acre GPU comprising the S/2 of Section 24, in which Eumont gas production from the H. T. Mattern (NCT-A) Well Nos. 1, 2, and 5 (which had been reclassified as a Eumont gas well) is currently simultaneously dedicated. This Order further placed Division Administrative Order NSP-152-A(SD) in abeyance.

On January 20, 1998 the Division issued Administrative Order NSL-3935(SD) authorizing Chevron U.S.A., Inc. to drill its H. T. Mattern (NCT-A) Well No. 6 (**API No. 30-025-34265**) at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 24 within this 320-acre GPU. This order further authorized the simultaneous dedication of Eumont gas production from the H. T. Mattern (NCT-A) Well Nos. 1, 2, 5, and 6 to this GPU.

Reinstatement of Division Administrative Order NSP-152-B(SD)
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It is our understanding that subsequent to the drilling of the H. T. Mattern (NCT-A) Well No. 6 it was completed as an oil well within the Eumont interval. Further, in March, 1998 the H. T. Mattern (NCT-A) Well No. 1 was plugged and abandoned.

By the authority granted me under the provisions of **Rule 2(d)** of the special Eumont Pool rules the following described 280-acre non-standard gas spacing and proration unit is hereby approved:

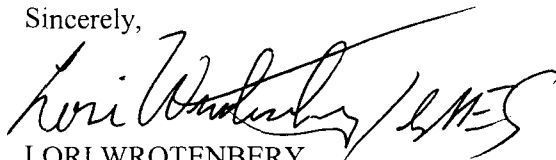
LEA COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 24: NE/4 SW/4, S/2 SW/4, and SE/4.

Chevron U.S.A., Inc. is hereby permitted to produce the allowable assigned the subject GPU, in accordance with Rule 5 of the Eumont special pool rules based upon a unit size of 280 acres, from both the H. T. Mattern (NCT-A) Well Nos. 2 and 5 in any proportion.

Division Administrative Orders NSP-152, NSP-152-A(SD), and Reinstated NSP-152(SD) are hereby placed in abeyance until further notice. Further, that portion of Division Administrative Order NSL-3935 (SD), not in conflict with this order shall remain in affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,


LORI WROTENBERY
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-152
NSP-152-A(SD)
NSL-3935(SD)