

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

July 13, 2000

Lori Wrotenbery

Director

Oil Conservation Division

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

## *Administrative Order NSP-876-A (SD)*

Dear Mr. Howell:

Reference is made to the following: (i) your letter of application dated April 4, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated April 17, 2000; (iii) your telephone conversation with Mr. Stogner on Thursday, April 27, 2000; (iv) your application submitted to the Division on May 22, 2000; and (v) the Division's records in Santa Fe, including the file on Division Administrative Order NSP-876: all concerning Chevron U.S.A., Inc.'s ("Chevron") request for an exception to **Rule 2** of the *"Special Rules and Regulations for the South Eunice-San Andres Pool,"* as promulgated by Division Order No. R-3706, as amended, in order to form a non-standard, or disoriented, 80-acre stand-up oil spacing and proration unit within this pool underlying the following described acreage in Lea County, New Mexico:

### TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 10: E/2 NE/4.

This newly established unit is to be simultaneously dedicated to the two following described wells:

- (1) Eaves Well No. 1 (API No. 30-025-10163), located at a standard oil well location 660 feet from the North and East lines (Unit A) of Section 10; and
- (2) Eaves Well No. 4 (API No. 30-025-10167), located at a standard oil well location 1874 feet from the North line and 554 feet from the East line (Unit H) of Section 10.

By the authority granted me under the provision of the special pool rules governing the South Eunice-San Andres Pool, Division Memorandum 4-86, dated June 2, 1986, and Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, the above-described 80-acre non-standard oil spacing and proration unit is hereby approved.

Administrative Order NSP-876-A(SD)

Chevron USA Inc.

July 13, 2000

Page 2

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This newly established 80-acre unit is to be simultaneously dedicated to the above-described Eaves Wells No. 1 and 4, with allowable assigned thereto in accordance with Rule 6 of the special pool rules.

It is further ordered that Division Administrative Order NSP-876, dated April 12, 1972, which established a 40-acre non-standard oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 10 for the above-described Eaves Well No. 4, shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / by MES". The signature is written in dark ink and is positioned above the typed name and title.

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
File: NSP-876

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 2040 South Pacheco, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit]    [NSL-Non-Standard Location]  
 [DD-Directional Drilling]    [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling]    [CTB-Lease Commingling]    [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling]    [OLS - Off-Lease Storage]    [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion]    [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal]    [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification]    [PPR-Positive Production Response]

**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Directional Drilling

☐ NSL    ☐ NSP    ☐ DD    ☒ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC    ☐ CTB    ☐ PLC    ☐ PC    ☐ OLS    ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX    ☐ PMX    ☐ SWD    ☐ IPI    ☐ EOR    ☐ PPR

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

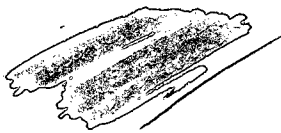
[F] ☐ Waivers are Attached

**[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Certification**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. *I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.*

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

A. M. HOWELL		Sr. PETRO. ENGINEER	4/3/2000
Print or Type Name	Signature	Title	Date



**Chevron**

April 4, 2000

**Chevron U.S.A. Production Company**  
P.O. Box 1150  
Midland, TX 79702

Request for Administrative Approval  
Simultaneous Dedication  
Eaves # 1  
660' FNL & 660' FEL  
Unit A, Section 10, T22S, R37E  
Lea County, New Mexico

New Mexico Oil Conservation Division  
Attn: Michael Stogner  
2040 South Pacheco  
Santa Fe, NM 87505

Dear Mr. Stogner:

Attached is an administrative application for NMOCD approval for simultaneous dedication of an 80 acre oil proration unit.

The subject well was originally drilled to and produced from the Penrose Skelly; Grayburg Pool until abandonment in 1990. Recently, the Eaves # 1 was re-entered and deepened to the San Andres formation. Following completion, the well tested at 1 BOPD and 39 MCFPD on rod pump. With your approval it is our intention to assign Eaves # 1 as a second well to the existing 80 acre oil proration unit currently assigned to Eaves # 4. It is requested that the 80 acre proration unit allowable be simultaneously dedicated to the two wells. If approved, both wells will be produced as part of the Eunice; San Andres, South Pool.

A copy of this application was mailed via certified mail to all affected offset operators.

If you have any questions concerning this application, please contact Mike Howell at (915) 687-7516.

Sincerely,

A. M. Howell  
Sr. Petroleum Engineer

Eaves # 1  
Chevron U.S.A. Inc.  
Simultaneous Dedication  
Request For Administrative Approval

List Of Offset Operators:

1. Anadarko Petroleum Corporation
2. Collins & Ware, Inc.
3. Exxon-Mobil Corporation
4. John H. Hendrix Corporation
5. Marathon Oil Company
6. Southwest Royalties Inc.
7. Texaco Exploration And Production, Inc.
8. Titan Resources, Inc.

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-10163		2 Pool Code 24170		3 Pool Name EUNICE ; SAN ANDRES, SOUTH	
4 Property Code 2607		5 Property Name EAVES			6 Well Number 1
7 OGRID No. 4323		8 Operator Name CHEVRON U.S.A., INC.			9 Elevation 3381

10 Surface Location

UL or lot no. A	Section 10	Township 22S	Range 37E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 660	East/West line EAST	County LEA
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11 Bottom Hole Location If Different From Surface

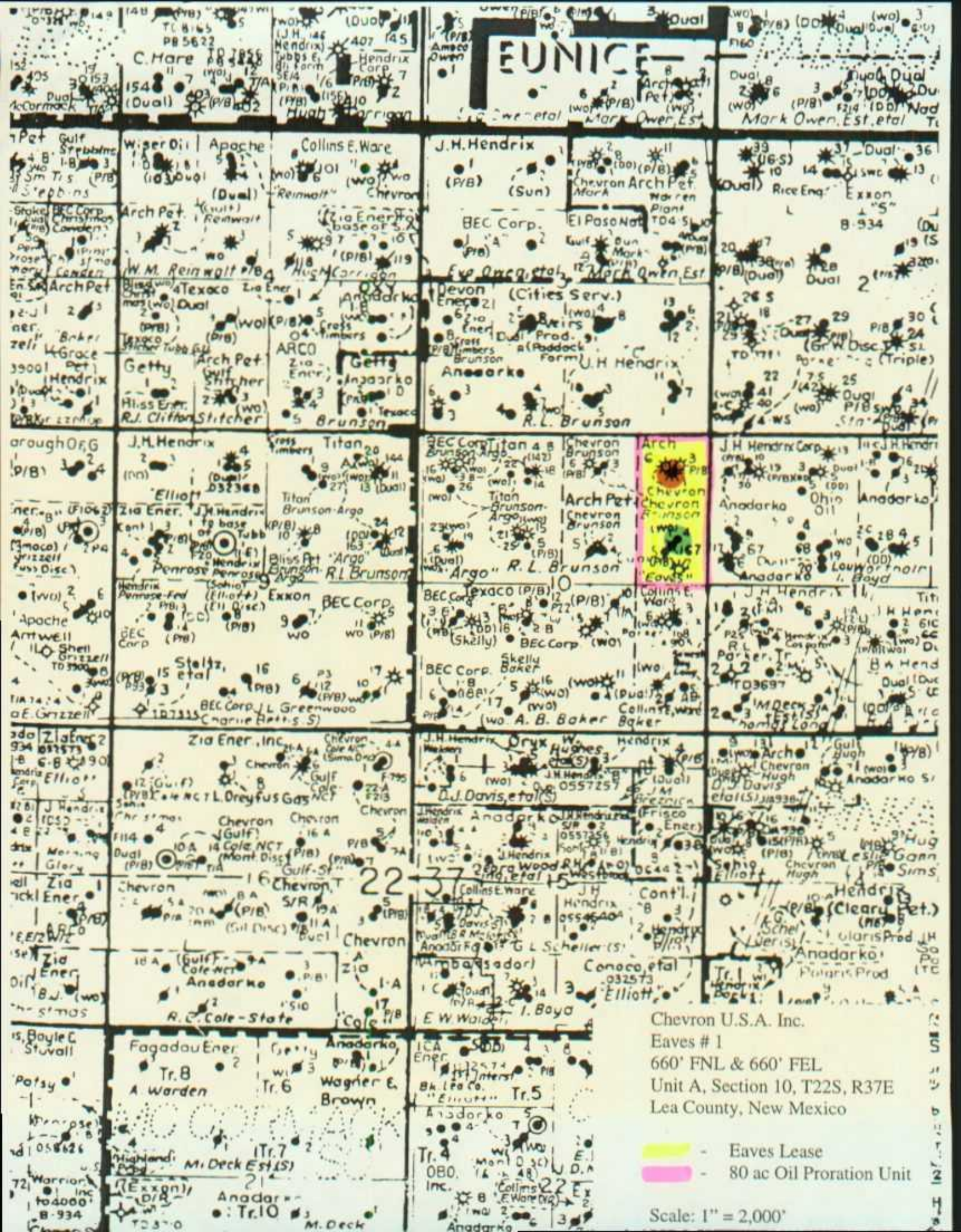
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 80	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature <u>Am Howell</u></p> <p>Printed Name <u>A. M. HOWELL</u></p> <p>Title <u>SR. PETR. ENGINEER</u></p> <p>Date <u>4/3/2000</u></p>







April 4, 2000



**Chevron**

Notice of Request for Administrative Approval  
Simultaneous Dedication  
Eaves # 1  
660' FNL & 660' FEL  
Unit A, Section 10, T22S, R37E  
Lea County, New Mexico

**Chevron U.S.A. Production Company**  
P.O. Box 1150  
Midland, TX 79702

Texaco Exploration and Production, Inc.  
205 E. Bender Blvd  
Hobbs, NM 88240

Dear Sir or Madam:

Attached is a copy of an administrative application for NMOCD approval for simultaneous dedication of an 80 acre oil proration unit.

Any objections must be filed with the Oil Conservation Division within 20 days of the division receiving this application.

If you have any questions concerning this application, please contact Mike Howell at (915) 687-7516.

Sincerely,

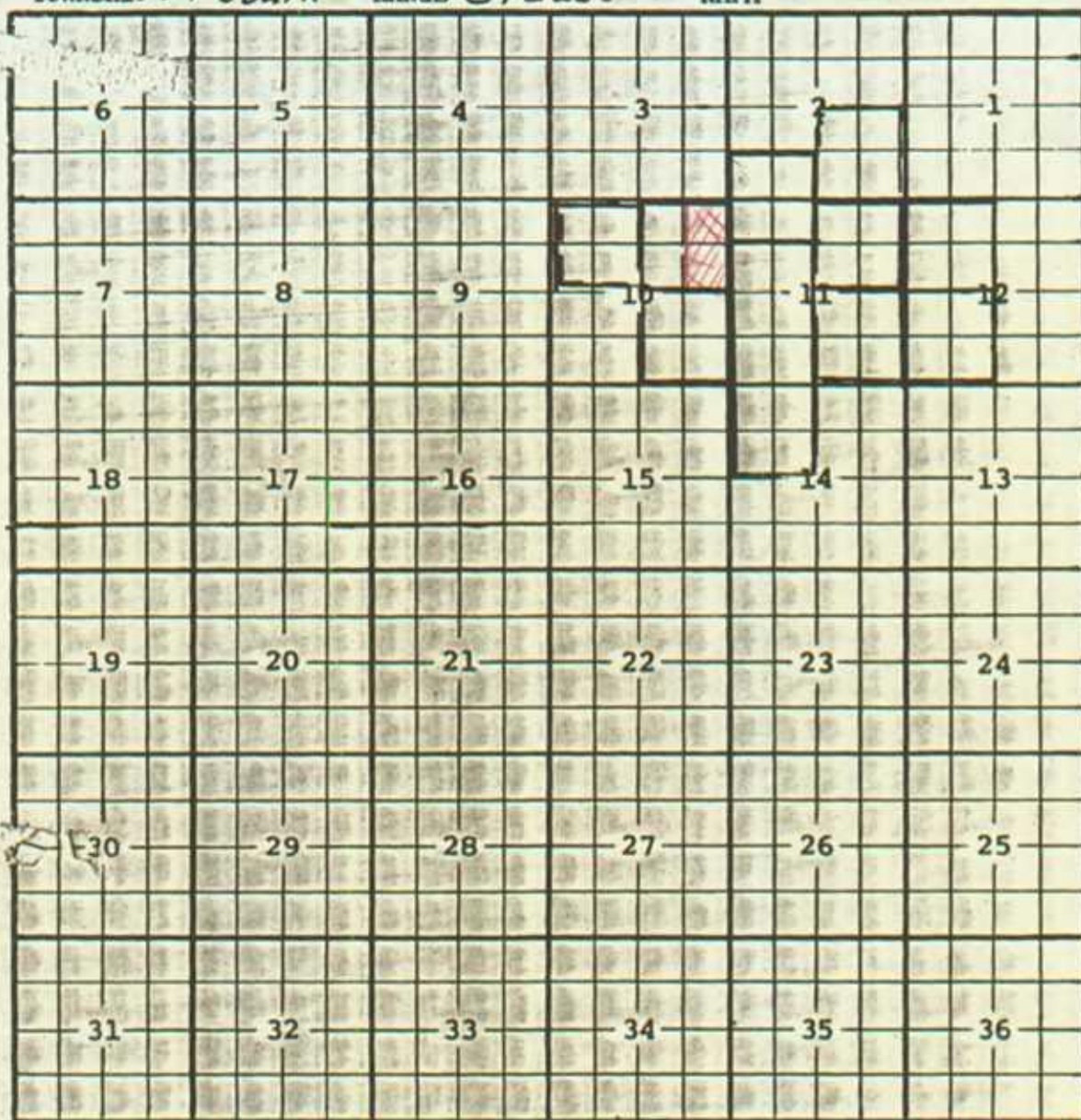
A handwritten signature in cursive script that reads "A. M. Howell".

A. M. Howell  
Sr. Petroleum Engineer



COUNTY *Lea*POOL *South Eunice - San Andres*TOWNSHIP *22 South*RANGE *37 East*

NMPM

Description:  $\frac{S}{2} \frac{SW}{4}$  Sec. 2,  $\frac{N}{4} \frac{NW}{4}$  Sec. 11 (R-3706, 3-12-69)Ext:  $\frac{S}{2} \frac{NW}{4}$  &  $\frac{SW}{4}$  Sec. 11;  $\frac{NW}{4}$  Sec. 14 (R-3895, 1-1-70) -  $\frac{NE}{4}$  Sec. 11 (R-3948, 5-1-70)-  $\frac{NE}{4}$  Sec. 10 (R-4351, 8-1-72); Ext:  $\frac{SE}{4}$  Sec. 2 (R-4665, 12-1-73)Ext:  $\frac{NW}{4}$  Sec. 12 (R-6005, 6-1-79) Ext:  $\frac{SW}{4}$  Sec. 12 (R-6170, 11-1-79)Ext:  $\frac{SE}{4}$  Sec. 10 (R-6328, 5-1-80) Ext:  $\frac{NW}{4}$  Sec. 10 (R-10972, 4-13-98)Ext:  $\frac{SE}{4}$  Sec. 11 (R-11243, 9-15-99)

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

04/17/00 11:46:37  
OGOMES -TPQC  
PAGE NO: 1

Sec : 10 Twp : 22S Rng : 37E Section Type : NORMAL

D 40.00  Fee owned U A A A A	C 40.00  Fee owned U A A A A	B 40.00  Fee owned U P	A 40.00  Fee owned U A A A
E 40.00  Fee owned U A A A	F 40.00  Fee owned U A A A A	G 40.00  Fee owned U A	H 40.00  Fee owned U A A A

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12

(SAN JUAN BASIN AREA (GAS WELL TESTING RULE  
AMENDMENT - ORDER NO. R-3673) -  
Cont'd.)

and only insofar as said paragraph directs that in order to obtain the shut-in pressure of a well under test, the well shall be shut in immediately after the 7-day deliverability flow test for the full period of seven consecutive days and that such shut-in pressure shall be measured within the next succeeding twenty-four hours following the 7-day shut-in period.

(2) That to obtain the shut-in pressure of a well, subject to the testing requirements of said Order No. R-333-F, under test during the duration of the annual deliverability and shut-in test period for 1969, the well shall be shut in at some time during the year of 1969 for a period of seven to fourteen consecutive days. Such shut-in pressure shall be measured during the eighth to fifteenth day following shutting in of the well.

(3) That each gas transportation facility shall, in cooperation with the operators involved, prepare and submit a schedule of shut-in pressure tests in accordance with Chapter I, Section 3, provided, however, that said schedule need only be submitted prior to the shutting in of the well or wells involved.

(4) That the Aztec District Office of the Commission shall be notified of the date the shut-in pressure of a well is to be measured in order that said measurement may be witnessed.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SOUTH EUNICE-SAN ANDRES POOL  
Lea County, New Mexico

Order No. R-3706, Adopting Temporary Operating Rules for the South Eunice-San Andres Pool, Lea County, New Mexico, March 12, 1969.

Order No. R-3706-A, March 11, 1970, makes permanent the rules adopted in Order No. R-3706.

Application of Humble Oil & Refining Company for the Creation of a New Oil Pool, Assignment of Discovery Allowable, and the Promulgation of Pool Rules, Lea County, New Mexico.

CASE NO. 4065  
Order No. R-3706

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on March 5, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of March, 1969, the Commission, quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Humble Oil & Refining Company, is the owner and operator of the New Mexico State "S" Water Source Well No. 4 (CP-427), located 175 feet from the South line and 650 feet from the West line of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks the reclassification of the aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427) as an oil well for the production of oil from the San Andres formation.

(4) That the applicant further seeks the creation of a new oil pool for San Andres production in Lea County, New Mexico, for its aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427), and the assignment of an oil discovery allowable in the amount of 21,190 barrels to said well.

(5) That the applicant further seeks the promulgation of special rules and regulations governing said pool, including a provision for 80-acre spacing units.

(6) That the evidence presently available indicates that the aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427) has discovered a separate common source of supply which should be designated the South Eunice-San Andres Pool; that the vertical limits of said pool should be the San Andres formation and that the horizontal limits of said pool should be the S/2 SW/4 of said Section 2 and the N/2 NW/4 of Section 11, Township 22 South, Range 37 East, NMPM.

(7) That the aforesaid New Mexico State "S" Water Source Well No. 4 (CP-427) should be reclassified as an oil well for the production of oil from the San Andres formation.

(8) That the discovery well for the aforesaid pool, Humble Oil & Refining Company's New Mexico State "S" Water Source Well No. 4 (CP-427), is entitled to and should receive a bonus discovery oil allowable in the amount of 21,190 barrels, based upon the top perforations in said well at 4238 feet, to be assigned over a two-year period.

(9) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the South Eunice-San Andres Pool.

(10) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(11) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.



## (SOUTH EUNICE-SAN ANDRES POOL - Cont'd.)

(12) That this case should be reopened at an examiner hearing in March, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the South Eunice-San Andres Pool should not be developed on 40-acre spacing units.

## IT IS THEREFORE ORDERED:

(1) That the Humble Oil & Refining Company New Mexico State "S" Water Source Well No. 4 (CP-427), located 175 feet from the South line and 650 feet from the West line of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby reclassified as an oil well for the production of oil from the San Andres formation.

(2) That a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production, is hereby created and designated the South Eunice-San Andres Pool, with vertical limits comprising the San Andres formation and horizontal limits comprising the following-described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 2: S/2 SW/4  
Section 11: N/2 NW/4

(3) That the discovery well, the aforesaid Humble Oil & Refining Company New Mexico State "S" Water Source Well No. 4 (CP-427), is hereby authorized an oil discovery allowable of 21,190 barrels to be assigned to said well at the rate of 30 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(4) That temporary Special Rules and Regulations for the South Eunice-San Andres Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTH EUNICE-SAN ANDRES POOL

**RULE 1.** Each well completed or recompleted in the South Eunice-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

**RULE 2.** Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2 or S/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

**RULE 3.** The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States

Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well shall be located no closer than 330 feet to a quarter-quarter section line.

**RULE 5.** The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

**RULE 6.** A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

## IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Eunice-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1969.

(2) That each well presently drilling to or completed in the South Eunice-San Andres Pool or in the San Andres formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in March, 1970, at which time the operators in the subject pool may appear and show cause why the South Eunice-San Andres Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.