



August 7, 1996

OCD Commissioner's Hearing On
August 15, 1996, Case No. 11594
Prorated Gas Allowables For October, 1996 - March, 1997
Eumont Yates 7 Rivers Qn (Pro Gas) Pool
Lea County, New Mexico

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

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. LeMay,

Chevron U.S.A. Production Company, as a principal operator in the Eumont (Pro Gas) Pool, fully supports the Oil Conservation Division's proposed allowable adjustments which result in a Monthly Acreage Allocation Factor (F1) of 38,000 MCF for the Eumont Yates 7-Rivers Qn (Pro Gas) Pool, presented in the OCD's Memorandum dated July 25, 1996.

This year, Chevron has completed two new-drills and four re-completions/re-stimulations, and plans to pursue approximately eight more re-completions/re-stimulations during the remainder of 1996 augmenting current pool daily production with an estimated incremental increase of 3.1 MMCF gas per day. Chevron is also currently planning and has budgeted a similar program for 1997.

In order to economically pursue these already budgeted programs for 1996 and 1997, Chevron requests that the proposed Monthly Acreage Allocation Factor of 38,000 MCF be adopted for the period of October, 1996 through March, 1997. Any lower allowable would have a negative economic impact, jeopardizing continuation of our development program within the Eumont (Pro Gas) Pool.

We feel that maintaining the Monthly Acreage Allocation Factor at the proposed 38,000 MCF for the Eumont (Pro Gas) Pool through the upcoming proration period will allow continuation of current development levels throughout the Eumont (Pro Gas) Pool thus preventing waste while still protecting correlative rights.

Very truly yours,

A handwritten signature in cursive script that reads "Alan W. Bohling".

Alan W. Bohling
Petroleum Engineer

August 2, 1996



**Prorated Gas Allowables (September 1996 - April 1997)
Indian Basin (Upper Penn) Gas Pool
Eddy County, New Mexico**

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

Mr. William J. LeMay
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. LeMay:

Chevron U.S.A. Production Company operates 16 producing gas wells in the subject field and has a working interest in 3 non operated properties in the subject pool.

Chevron U.S.A. Production Company supports the Oil Conservation Division's proposed allowable assignment factors that resulted in a Monthly Acreage Allocation Factor of 200,000 mcf. Seven of Chevron's 10 operated proration units are currently capable of producing at or above the proposed allowable. Our current efforts in additional compressor installations and infill drilling is expected to maintain and improve the current production capability of Chevron operated wells. An allowable of 200,000 mcf per month will protect the interest of a majority of operators in the Pool.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Michelle L. LeVan".

Michelle L. LeVan
Chevron U.S.A. Production Company

MLL:trk
cc: Marathon Oil Company (Ron False)
Oryx Energy Company (Mark A. Peavy)
Texaco E&P (Kirk Spilman)

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