



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

February 13, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Case 12609

Attention: C. J. Affeld

Re: *Administrative application for: (i) an unorthodox infill gas well location for the proposed Harry Leonard NCT-A Well No. 15 (API No. 30-025-35396), to be drilled 1980 feet from the South line and 760 feet from the West line (Unit L) of Section 22; and (ii) simultaneous dedication of Eumont gas production to the previously approved 480-acre non-standard gas spacing and proration unit comprising the NE/4 and S/2 of Section 22, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico (authorized by Division Administrative Order NSP-944, dated April 12, 1974, and upheld by Division Order No. R-5549, issued in Case No. 6041 on October 25, 1977) from Chevron's Harry Leonard NCT-A Wells No. 3, 6, 7, 12, 13, 14, and 15.*

Dear Mr. Affeld:

Since there are no clear procedures for administrative review, either contained in the Division's rules governing the Eumont Gas Pool or the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, for future infill gas wells that result in spacing of less than 160 acres per well on a proration unit, your application dated January 20, 2001 will be placed on the next available docket scheduled for hearing on March 8, 2001.

I have prepared the attached advertisement for this matter. Should you have any questions concerning this matter, please contact Mr. William F. Carr, Legal Counsel for Chevron U.S.A., Inc., in Santa Fe at (505) 988-4421.

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Hobbs
William F. Carr, Legal Counsel for Chevron U.S.A. Production Company - Santa Fe
Kathy Valdes - NMOCD, Santa Fe
Florene Davidson NMOCD, Santa Fe

CASE 12609 : Application of Chevron U.S.A., Inc. for an unorthodox infill gas well location and simultaneous dedication, Lea County, New Mexico.

Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Eumont infill gas well location within an existing non-standard 480-acre gas spacing and proration unit (authorized by Division Administrative Order NSP-944, dated April 12, 1974, and upheld by Division Order No. R-5549, issued in Case No. 6041 on October 25, 1977) comprising the NE/4 and the S/2 of Section 22, Township 21 South, Range 36 East, which is located approximately one mile northwest of the Eunice-Lea County Airport. The applicant's proposed Harry Leonard NCT-A Well No. 15 (**API No. 30-025-35396**) is to be drilled at an unorthodox infill gas well location 1980 feet from the South line and 760 feet from the West line (Unit L) of Section 22. This unit is currently dedicated to Chevron U.S.A., Inc.'s:

- (i) Harry Leonard NCT-A Well No. 3 (**API No. 30-025-04757**), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 22;
- (ii) Harry Leonard NCT-A Well No. 7 (**API No. 30-025-04760**), located 660 feet from the South and West lines (Unit M) of Section 22;
- (iii) Harry Leonard NCT-A Well No. 12 (**API No. 30-025-25496**), located at an unorthodox infill gas well location (approved by Division Order No. R-5549) 990 feet from the South line and 660 feet from the East line (Unit P) of Section 22;
- (iv) Harry Leonard NCT-A Well No. 13 (**API No. 30-025-31320**), located at a standard infill gas well location 1650 feet from the South line and 2310 feet from the East line (Unit J) of Section 22;
- (v) Harry Leonard NCT-A Well No. 6 (**API No. 30-025-04759**), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-3253 (SD), dated May 28, 1993] 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 22;
- (vi) Harry Leonard NCT-A Well No. 14 (**API No. 30-025-32154**), located at a standard infill gas well location 1760 feet from the North line and 990 feet from the East line (Unit H) of Section 22, which is a new gas well that was included in this unit in February, 1998.

Further, the applicant, pursuant to the rules governing the Eumont Gas Pool and the stipulated

declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Eumont gas production to this 480-acre unit from all seven of the above-described Harry Leonard NCT-A Wells No. 3, 6, 7, 12, 13, 14, and 15.

Note: Records indicate that Chevron U.S.A., Inc.'s Harry Leonard NCT-A Well No. 8 (**API No. 30-025-04761**), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 22, is a Eumont oil well that is currently dedicated to a standard 40-acre oil spacing and proration unit comprising the SW/4 SE/4 of Section 22. It will be necessary for the applicant to address this matter at the time of the hearing.