

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9878
Order No. R-9145

APPLICATION OF CHEVRON USA INC.
FOR A NON-STANDARD GAS PRORATION
UNIT AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 7 and April 4, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of April, 1990, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Chevron USA Inc., seeks approval for a 160-acre non-standard gas proration unit comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico. Said unit is to be simultaneously dedicated to the existing Bertie Whitmire Well Nos. 1 and 2 located at standard gas well locations, respectively, 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8.

CASE NO. 9878
Order No. R-9145
Page -2-

(3) By Order No. NSP-240, dated March 3, 1956, the Division, upon application of Gulf Oil Corporation (now Chevron USA Inc.), approved a 160-acre non-standard gas proration unit in the Eumont Gas Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 of said Section 8. Said unit is dedicated to the Bertie Whitmire Well No. 2 as described above.

(4) Subsequent to the issuance of said Order No. NSP-240, an agreement was reached between Cities Service (now Oxy USA Inc.) and Gulf Oil Corporation to include the NE/4 NE/4 of said Section 8 within the 160-acre non-standard gas proration unit described in Finding No. (2) above, and said 200-acre unit was subsequently approved by Division Order No. R-858, dated August 16, 1956.

(5) Division records indicate that the Bertie Whitmire Well No. 2 was originally drilled and completed in the Eunice-Monument Grayburg San Andres Pool in 1937, was subsequently dually completed in the Eunice-Monument Grayburg San Andres Pool and Eumont Gas Pool in 1955, and was temporarily abandoned in the Eunice-Monument Grayburg San Andres Pool and Eumont Gas Pool, respectively, in 1979 and 1985.

(6) Division records further indicate that the Bertie Whitmire Well No. 1 was originally drilled and completed in the Eunice-Monument Grayburg San Andres Pool in 1937, was plugged and abandoned in 1961, was re-entered and recompleted in the Eunice-Monument Grayburg San Andres Pool in 1969, and was temporarily abandoned in said pool in 1977.

(7) The applicant now seeks to re-establish the 160-acre non-standard gas proration unit established by said Order No. NSP-240, and proposes to initially recomplete its Bertie Whitmire Well No. 1 to the Eumont Gas Pool and, depending on the productive potential of said well, also re-establish Eumont Gas Pool production within its Bertie Whitmire Well No. 2.

(8) Doyle Hartman, an offset operator to the proposed non-standard gas proration unit, appeared at the hearing on March 7 in opposition to the exclusion of the NE/4 NE/4 of said Section 8, which is currently owned by Oxy USA Inc., from the proposed non-standard unit.

CASE NO. 9878
Order No. R-9145
Page -3-

(9) Subsequent to the hearing on March 7, Doyle Hartman acquired the NE/4 NE/4 of said Section 8 from Oxy USA Inc. and proposes in Case No. 9898 to include said acreage within a proposed 280-acre Eumont Gas Pool non-standard gas proration unit, and has, accordingly, withdrawn its objection to Chevron's application in this case.

(10) The entire proposed non-standard gas proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Bertie Whitmire Well Nos. 1 and 2.

(11) No other offset operator or interest owner appeared and/or objected to the proposed non-standard gas proration unit and simultaneous dedication.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(13) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject proration unit should be assigned an acreage factor of 1.0.

(14) Division Order No. R-858 should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 160-acre gas spacing and proration unit in the Eumont Gas Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Chevron USA Inc.'s Bertie Whitmire Well Nos. 1 and 2 located at standard gas well locations, respectively, 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8.

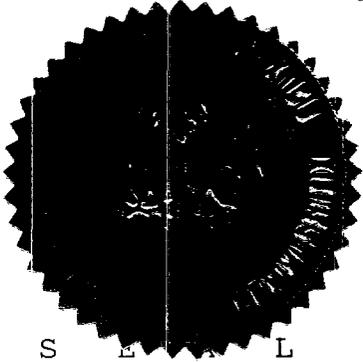
CASE NO. 9878
Order No. R-9145
Page -4-

(2) Division Order No. R-858 is hereby superseded by this order.

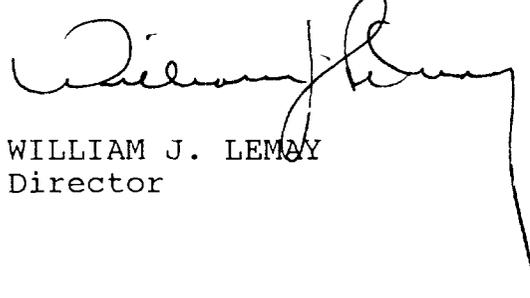
(3) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject proration unit shall be assigned an acreage factor of 1.0.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Director

S E L