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ATTORNEYS AT LAW

EL PATIO BUILDING

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TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

August 28, 1990

HAND DELIVERED

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Application of Chevron U.S.A., Inc.
for Approval of Two Non-Standard
Gas Proration Units, and Unorthodox
Gas Well Location and Simultaneous
Dedication, Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Chevron U.S.A., Inc., please find enclosed an original and two copies the above referenced applications which we request be docketed on the next available Examiner's docket now scheduled for hearing on September 19, 1990.

By copy of this letter and Application to all parties, we are notifying them by certified mail, return-receipt requested, that they have the right to appear at the hearing to make a statement to the Division.

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OIL CONSERVATION DIVISION

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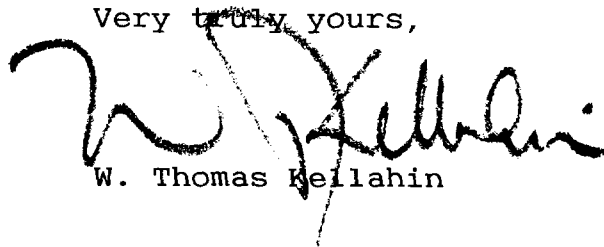
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By copy of this letter and Application to all parties, we are notifying them by certified mail, return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of in opposition to the Application.

Very truly yours,



W. Thomas Kellahin

WTK/tic
Enclosures

xc: Jerry P. Baird
Chevron U.S.A., Inc.
Post Office Box 1635
Houston, Texas 77251

William J. LeMay
August 28, 1990
Page 2

xc: Al Bohling
Chevron U.S.A., Inc.
Post Office Box 1160
Midland, Texas 79702

Certified mail return-receipt
All parties listed on Exhibits
"C" of application

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

APPLICATION OF CHEVRON U.S.A., INC.
FOR APPROVAL OF TWO NON-STANDARD
GAS PRORATION AND SPACING UNITS, AN
UNORTHODOX GAS WELL LOCATION AND
SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.

RECEIVED
AUG 28 1990
OIL CONSERVATION DIVISION
CASE NO. 100710

A P P L I C A T I O N

COMES NOW, CHEVRON USA, INC, by and through its
attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the
New Mexico Oil Conservation Division for:

(1) a non-standard 240-acre gas spacing and
proration unit comprising NW/4 and E/2SE/4 of Section 9,
T21S, R36E, N.M.P.M., Eumont Gas Pool, said unit to be
dedicated to its Meyer-Bell Ramsey Gas Com No. 5 well, a
well to be drilled at an unorthodox location 1980 feet FWL
and 990 feet FSL of said Section 9;

(2) a non-standard 160-acre gas spacing and
proration unit comprising Lots 12 and 13 and W/2SW/4 of
Section 4, T21S, R36E, N.M.P.M., Eumont Gas Pool, said unit
to be simultaneously dedicated to the existing Bell Ramsey
(NCT-A) Well No 5, located 660 feet FWL and FSL of said

Section 4 and to the existing Bell Ramsey (NCT-A) Well No. 8 located 660 feet FWL and 3258 feet FNL of said Section 4, and in support thereof applicant states:

1. Chevron operates the previously approved 120-acre non-standard gas proration unit (NSP-261) in the Eumont Gas Pool consisting of Lots 12 and 13 and NW/4SW/4 of Section 4, T21S, R36E, N.M.P.M., which is dedicated to the Bell-Ramsey (State) "A" Well No. 8 located 660 feet FWL and 3258 feet FNL of said Section 4. See Exhibit A.

2. Chevron also operates the previously approved 120-acre non-standard gas proration unit (Order R-850) in the Eumont Gas Pool consisting of the SW/4SW/4 of Section 4 and W/2NW/4 of Section 9, T21S, R36E, N.M.P.M., which is dedicated to the Bell-Ramsey (State) "A" Well No. 5 located 660 feet FWL and 660 feet FSL of said Section 4. See Exhibit A.

3. Chevron proposes to reconfigure these two spacing and proration units so that the Bell-Ramsey (State) "A" Wells Nos. 5 and 8 are simultaneously dedicated to a 160-acre non-standard spacing and proration unit consisting of Lots 12 & 13 and W/2SW/4 of said Section 4. See Exhibit B.

4. Then Chevron proposes a 240-acre non-standard gas proration and spacing unit consisting of the W/2NW/4 and the E/2W/2 of Section 9, T21S, R36E, N.M.P.M., to be dedicated to a new well, the Meyer-Bell Ramsey Gas Com Well No. 5, to be located at an unorthodox gas well location 1980 feet FWL and 990 feet FSL of said Section 9. See Exhibit B.

5. Pursuant to Division notice rules, Chevron has caused to be sent notice to the offsetting operators advising them of applicant's request and the hearing set for September 19, 1990 are set forth on Exhibit C.

6. The rededication of acreage and the simultaneous dedication of acreage is a common occurrence in the Eumont Gas Pool.

7. This reconfiguration will allow Chevron and the other interest owners in the spacing units the opportunity to drill a new gas well and to dedicate currently undedicated Eumont Gas Pool acreage to potential production.

8. The interest owners in the affected spacing units have approved this application.


9. Unless the application is granted, the applicant and interest owners involved will be deprived of the opportunity to recover their just and equitable share of the natural gas in the Eumont Gas Pool.

10. The approval of this application will prevent waste and will protect correlative rights.

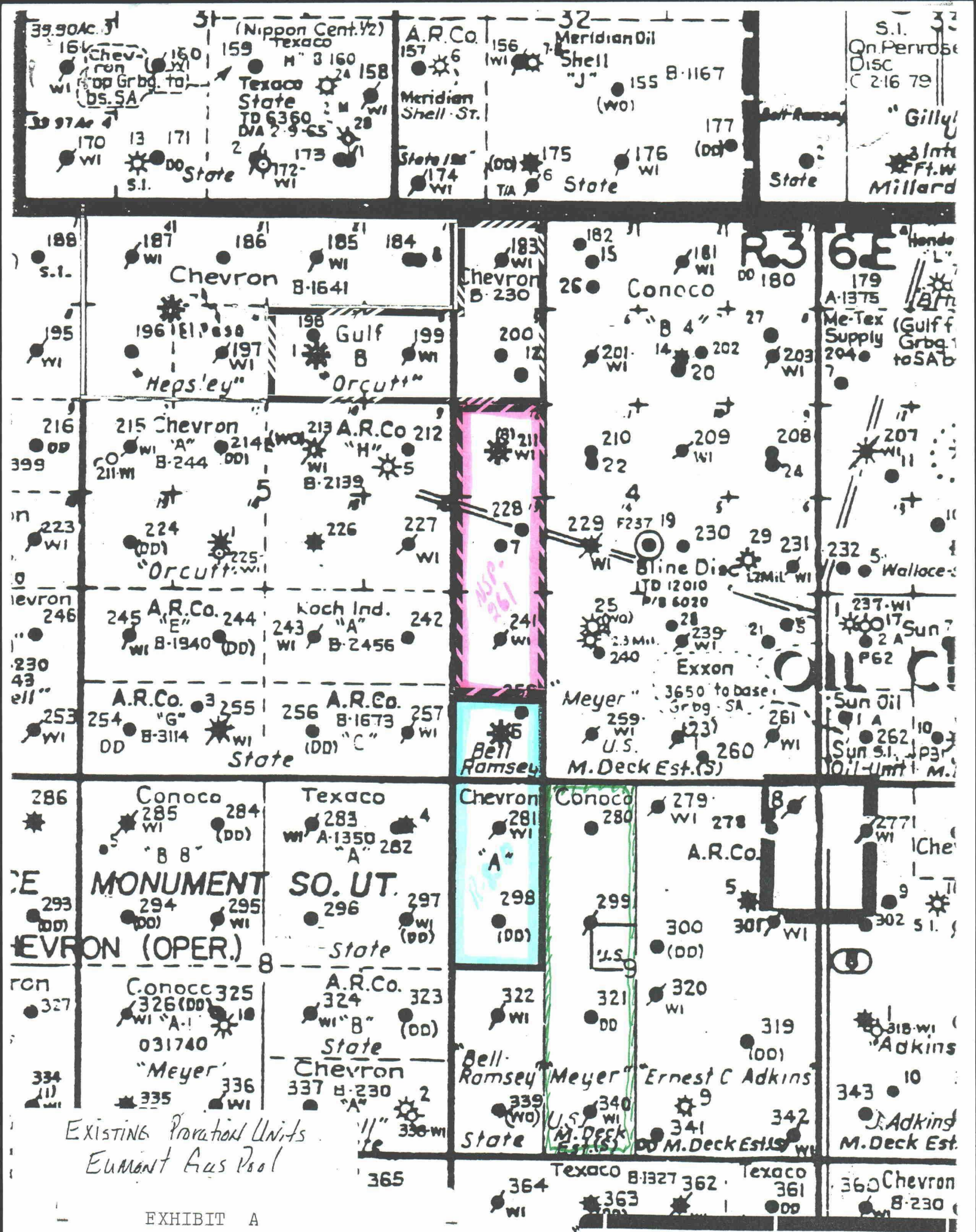
WHEREFORE, Chevron, as applicant, requests that this matter be set for hearing on the next available Division's Examiner Docket and that after notice and hearing the application be granted as requested.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: 
W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) (82-4285

Attorneys for Chevron USA, Inc.



Figure

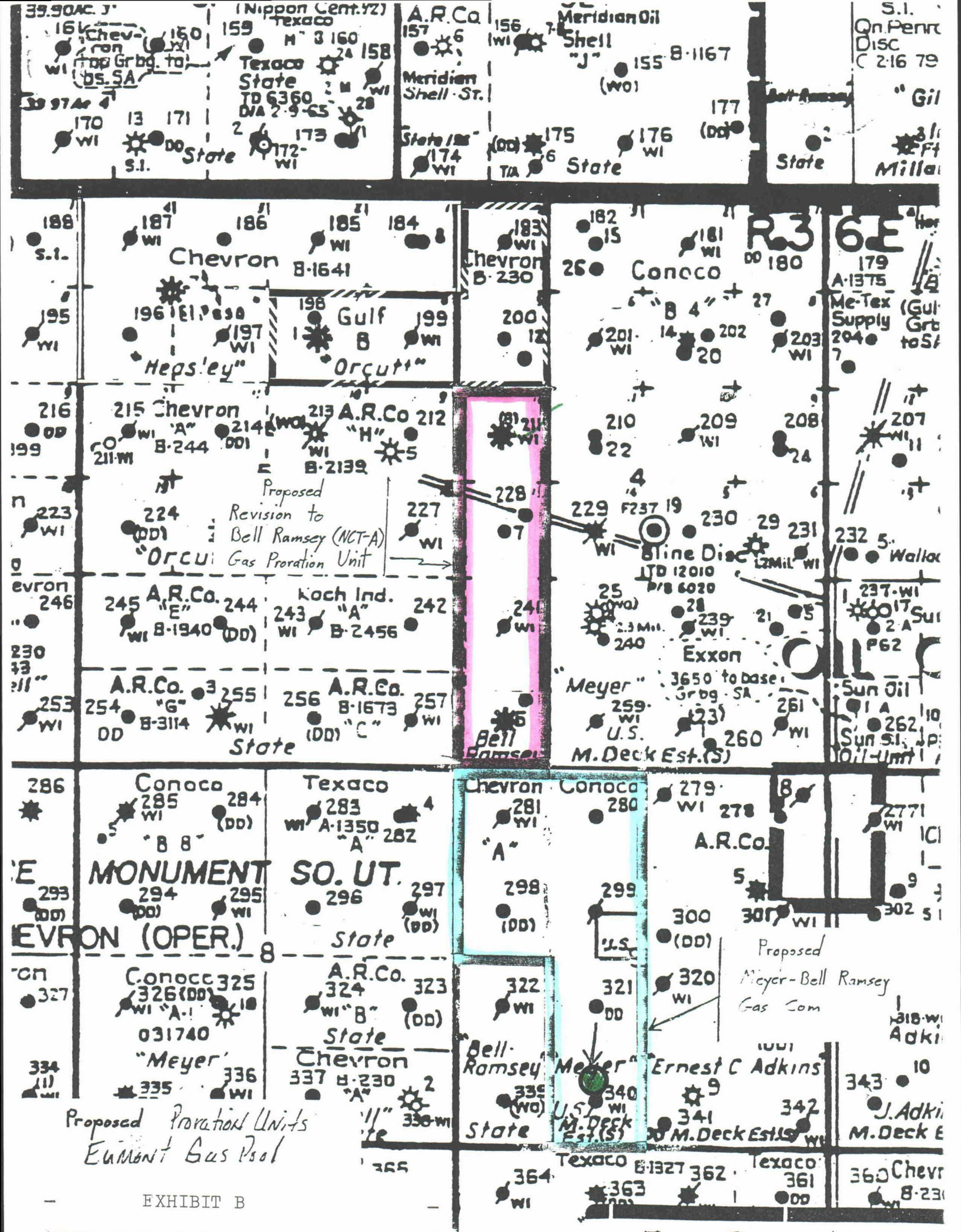


EXHIBIT C

BELL RAMSEY

Conoco, Inc.
P.O. Box 1959
Midland, TX 79702
Attn: M.K. Mosley, Division Manager

Exxon Company, USA
P.O. Box 1600
Midland, TX 79702-1600
Attn: L.B. Williams, Manager

ARCO Oil & Gas Company
P.O. Box 1610
Midland, TX 79702
Attn: M.S. Giglio, Land Manager

Doyle Hartman
P.O. Box 10426
Midland, TX 79702
Attn: M. Stewart, Engineer

Texas Producing, Inc.
P.O. Box 3109
Midland, TX 79702
Attn: S.L. Chandler, Land Manager

MEYER-BELL RAMSAY

Amoco Production Company
P.O. Box 3092
Houston, TX 77253
Attn: J.F. Trickett, Regulatory Affairs Manager

OXY USA, Inc.
P.O. Box 50250
Midland, TX 79710

Meridian Oil, Inc.
21 Desta Drive
Midland, TX 79701

Me-Tex Pipe and Supply
512 W. Texas
Artesia, New Mexico 88210

Oryx Energy Company
P.O. Box 2880
Dallas, TX 75221-2880
Attn: Charles Gray