



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

August 6, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Chevron U.S.A., Inc.
c/o William F. Carr
Holland & Hart L.L.P. and Campbell & Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Administrative Order NSL-3253-A (SD)

Dear Mr. Carr:

Reference is made to the following: (i) Chevron U.S.A., Inc.'s ("Chevron") original application by Mr. Christian A. Affeld submitted to the New Mexico Oil Conservation Division ("Division") on February 8, 2001; (ii) the Division's initial response by letter dated February 13, 2001 from Mr. Michael E. Stogner, Engineer in Santa Fe withdrawing this application from the administrative review process and setting this matter to hearing; (iii) your letter dated August 2, 2001 on behalf of Chevron requesting this matter be reconsidered for administrative review subsequent to new developments concerning the Eumont Gas Pool; and (iv) the records of the Division in Santa Fe, including the files in Division Cases No. 6041 and 12609 and Division Administrative Orders NSP-944 and NSL-3253(SD): all concerning Chevron's requests for an unorthodox Eumont infill gas well location within an existing non-standard 480-acre gas spacing and proration unit ("GPU") for the Eumont Gas Pool comprising the NE/4 and the S/2 of Section 22, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

The rules and procedures currently governing the Eumont Gas Pool include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B;
- (iii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Rule 1207.A (2); and
- (v) the amended Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on

July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

The subject 480-acre GPU was established by Division Administrative Order NSP-944, dated April 4, 1974, as corrected by order dated April 12, 1974, and upheld by Division Order No. R-5549, issued in Case No. 6041 on October 25, 1977, and currently has dedicated thereon the following six wells:

- (1) 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;
- (2) 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;
- (3) 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;
- (4) 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;
- (5) 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;
- (6) 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.

By the authority granted me under the provisions of these rules, regulations, and directives, the following infill well to be drilled at an unorthodox Eumont gas well location in Section 22, is hereby approved:

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Harry Leonard NCT-A Well No. 15
1980' FSL & 760' FWL (Unit L)
(API No. 30-025-35396).

Also, Chevron is hereby authorized to simultaneously dedicate Eumont gas production from its proposed Harry Leonard NCT-A Well No. 15 with the existing Harry Leonard NCT-A Wells No. 3, 6, 7, 12, 13, and 14. Furthermore, Chevron is hereby permitted to produce the allowable assigned the subject 480-acre GPU from all seven wells in any proportion.

All provisions applicable to the subject GPU contained in Division Administrative Orders NSP-944 and NSL-3949 (SD) and Division Order No. R-5549 shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Mr. Christian A. Affeld - Chevron U.S.A., Inc., Midland
File: NSL-3949(SD)
NSP-944
Case No. 12609