

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3662
Order No. R-3327

APPLICATION OF EL PASO NATURAL GAS COMPANY
FOR A NON-STANDARD GAS PRORATION UNIT AND
AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of October, 1967, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That by Administrative Order NSP-45, dated December 23, 1954, the Commission established a 230-acre non-standard gas proration unit in the Eumont Gas Pool comprising Lots 9, 10, 11, 12, 13, and 14 of Section 6, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to the El Paso Natural Gas Company Shell State Well No. 9, located 3622 feet from the North line and 1980 feet from the West line of said Section 6.

(3) That the applicant, El Paso Natural Gas Company, now seeks the establishment of a 230.32-acre non-standard gas proration unit in the Eumont Gas Pool comprising all of Lots 9, 10, 11, 12, 13, and 14 of Section 6, Township 21 South, Range 36 East,

CASE No. 3662
Order No. R-3327

NMPM, Lea County, New Mexico, to be dedicated to its Shell State Com "E" Well No. 1 located at an unorthodox location for said pool 3300 feet from the North line and 1980 feet from the East line of said Section 6.

(4) That the applicant proposes to shut in its Shell State Well No. 9 and dedicate the acreage approved by Administrative Order NSP-45 to its Shell State Com "E" Well No. 1.

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the Shell State Com "E" Well No. 1.

(6) That 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, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(7) That the subject application should be approved and should become effective the date a notice of disconnection is filed with the Commission for said Shell State Well No. 9.

(8) That Administrative Order NSP-45 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to complete its Shell State Com "E" Well No. 1 at an unorthodox location in the Eumont Gas Pool 3300 feet from the North line and 1980 feet from the East line of Section 6, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That a 230.32-acre non-standard gas proration unit in the Eumont Gas Pool comprising all of Lots 9, 10, 11, 12, 13, and 14 of Section 6, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the El Paso Natural Gas Company Shell State Com "E" Well No. 1.

(3) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 230.32 acres.

-3-

CASE No. 3662

Order No. R-3327

(4) That Administrative Order NSP-45 is hereby superseded.

(5) That this order shall be effective the date a notice of disconnection is filed with the Commission for the El Paso Natural Gas Company Shell State Well No. 9.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/



Chevron U.S.A. Inc. CONSERVATION DIVISION
P.O. Box 1150, Midland, TX 79702 RECEIVED

July 2, 1991

'91 JUL 8 AM 9 14

Permian Basin Production Business Unit

CONDITIONAL WAIVER
MERIDIAN'S STATE 'E' COM.
WELL NO. 4
EUMONT GAS POOL
LEA COUNTY, NEW MEXICO

Meridian Oil Inc.
21 Desta Drive
P. O. Box 51810
Midland, Texas 79710-1810

Attention: Connie L. Malik,
Regulatory Compliance Rep.

Gentlemen:

Chevron "conditionally" waives objection with regards to your notice of June 20, 1991 concerning the simultaneous dedication of your proposed State 'E' Com Well No. 4 and your existing State 'E' Com Well No. 1 to a 320-acre Eumont Gas Proration Unit comprising the S/2 of Section 35, Township 20 South, Range 37 East.

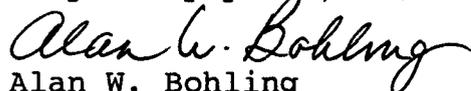
According to the Special Rules and Regulations for the Eumont Gas Pool, Rule 2(b) 4, the proposed location for your State 'E' Com Well No. 4 will be unorthodox at the stated 660' FWL and 1980' FSL for a 320-acre proration unit. The location is unorthodox in that it is less than 990 feet from the end boundary of the proration unit.

Chevron has no objection to the said proposed location for your State 'E' Com Well No. 4 providing that Meridian will waive objection to a Chevron well which may be located at a similar unorthodox location within the Eumont Gas Pool relative to your State 'E' Com lease.

Please acknowledge your agreement to this conditional waiver of objection by Chevron to the subject well by signing the attached and returning to Chevron in the enclosed self addressed, stamped envelope.

Should you have any questions concerning this matter, please call me at (915) 687-7246. Your prompt consideration will be greatly appreciated.

Very truly yours,



Alan W. Bohling
Proration Engineer

AWB/
Attachments
Enclosures

cc: NMOCD - Santa Fe, NM
NMOCD - Hobbs, NM

CONDITIONAL WAIVER OF OBJECTION

Per Chevron's letter dated July 2, 1991, Chevron U.S.A. Inc. agrees that it will not object to the unorthodox location of Meridian Oil Inc.'s proposed State 'E' Com Well No. 4 to be located 660' FWL & 1980' FSL, Section 35, T-20-S, R-37-E. In turn, however, Meridian Oil Inc. will also waive any objection to a well which may be proposed by Chevron at a similar unorthodox location within the Eumont Gas Pool offset to Meridian's State 'E' Com Lease.

We, the undersigned, hereby agree to the above stated Conditional Waiver of Chevron U.S.A. Inc.:

Company _____

Representative _____

Position _____

Date _____