



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 7, 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 SD-01-05

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 January 22, 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 Case No. 12610 and Division Administrative Orders NSP-272 and SD-97-03: all concerning Chevron's request for a third infill well within the existing 160-acre non-standard gas spacing and proration unit ("GPU") comprising the SE/4 of Section 28, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, which was the subject of Division Administrative Order NSP-272, dated June 27, 1956.

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").

By the authority granted me under the provisions of these rules, regulations, and directives, Texaco Exploration & Production, Inc. ("Texaco") is hereby authorized to simultaneously dedicate gas production from the Eumont Gas Pool to the above-described 160-acre GPU from the following four wells:

- (1) its existing S. E. Felton Well No. 1 (**API No. 30-025-04815**) located at a standard gas well location 660 feet from the South and East lines (Unit P) of Section 28, which was also the subject of Division Administrative Order NSP-272;
- (2) its existing S. E. Felton Well No. 2 (**API No. 30-025-25352**) located at a standard gas well location either 800 feet or 880 feet from the South line and 1980 feet from the East line (Unit O) of Section 28;
- (3) its existing S. E. Felton Well No. 5 (**API No. 30-025-33796**) located at a standard Eumont gas well location 1980 feet from the South and East lines (Unit J) of Section 28, which was the subject of Division Administrative Order SD-97-03, dated July 10, 1997; and
- (4) the proposed S. E. Felton Well No. 6 (**API No. 30-025-35395**) to be drilled at a standard infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 28.

Chevron is hereby authorized to simultaneously dedicate Eumont gas production from its proposed S. E. Felton Well No. 6 with the existing S. E. Felton Wells No. 1, 2, and 5. Furthermore, Chevron is hereby permitted to produce the allowable assigned the subject 160-acre GPU from all four wells in any proportion.

Further, all provisions of Division Administrative Orders NSP-272 and SD-97-03 shall remain in full force and affect until further notice.

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August 7, 2001
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Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSP-272
SD-97-03
Case No. 12610



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 10, 1997

Chevron U.S.A. Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: J. H. Saenz

Administrative Order SD-97-3

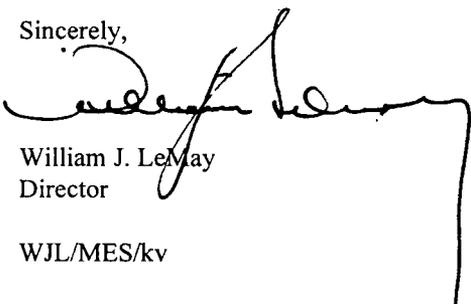
Dear Mr. Saenz:

Reference is made to your application dated May 5, 1997. Chevron U.S.A. Inc. ("Chevron") is hereby authorized to simultaneously dedicate Eumont Gas Pool production to the previously approved non-standard 160-acre gas spacing and proration unit ("GPU") comprising the SE/4 of Section 28, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSP-272, dated June 27, 1956) from the following three wells:

- the existing S. E. Felton Well No. 1 (API No. 30-025-04815) located at a standard gas well location 660 feet from the South and East lines (Unit P) of said Section 28;
- the existing S. E. Felton Well No. 2 (API No. 30-025-25352) located at a standard gas well location 800 feet from the South line and 1980 feet from the East line (Unit O) of said Section 28; and,
- the newly drilled S. E. Felton Well No. 5 (API No. 30-025-33796) located at a standard Eumont gas well location 1980 feet from the South and East lines (Unit J) of said Section 28.

Further, Chevron is permitted to produce the allowable assigned said non-standard 310.01-acre GPU from all three wells in any proportion.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-272