

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. 6041
Order No. R-5549

APPLICATION OF GULF OIL CORPORATION
FOR AN UNORTHODOX LOCATION, AND
SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 28, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of October, 1977, 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 the applicant, Gulf Oil Corporation, seeks approval of an unorthodox gas well location for its Harry Leonard NCT-A Well No. 12 located in Unit P of Section 22, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.
- (3) That applicant further proposes to simultaneously dedicate the above-described well to a previously approved 480-acre non-standard proration unit comprising the SW/4 and E/2 of said Section 22 which is presently dedicated to applicant's Harry Leonard NCT-A Wells Nos. 3 and 7, located, respectively, in Units B and M of said Section 22.
- (4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

(5) That Commission Order NSP-944, dated April 4, 1974, which previously approved the subject unit, should be superseded.

IT IS THEREFORE ORDERED:

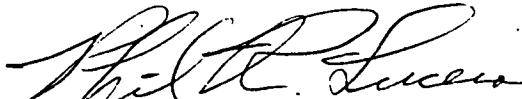
(1) That an unorthodox gas well location for the Gulf Oil Corporation Harry Leonard NCT-A Well No. 12 located in Unit P of Section 22, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby approved, said well to be simultaneously dedicated with applicant's Harry Leonard NCT-A Wells Nos. 3 and 7, located in Units B and M, respectively, of said Section 22, to a previously approved 480-acre multiple well non-standard proration unit comprising the SW/4 and E/2 of said Section 22.

(2) That Commission Order NSP-944 is hereby superseded.

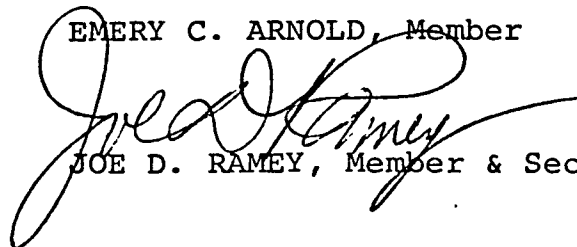
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/



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:

Administrative Order NSL-3253-A(SD)
Chevron USA Inc.
August 6, 2001
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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 Wrotenbery
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