



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 25, 2006

Chevron U.S.A., Inc.
15 Smith Road
Midland, Texas 79705

Case 13768

Attention: Keith Lopez, Petroleum Engineer

Re: *Administrative application (application reference No. pTDS0-619152979) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 10, 2006 to reinstate the provisions of Division Order No. R-7179, issued in Case No. 7761 on January 5, 1983, which order established a 160-acre non-standard gas spacing unit in the Skaggs-Abo Gas Pool (85410) comprising the S/2 NE/4 and the N/2 SE/4 of Section 12, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, for its C. H. Weir "A" Well No. 12 (API No. 30-025-27398) located at an unorthodox gas well location 2307 feet from the North and East lines (Unit G) of Section 12.*

Dear Mr. Lopez:

Due to the following extenuating circumstances associated with your application, the Division is unable to administratively address this matter under the provisions of Division Rule 104.D (2):

- (a) The subject non-standard gas spacing unit does not lay wholly within a single quarter section that is a legal subdivision of the U. S. Public Land Surveys [see Division Rules 104.C (3) and D (2) (b) (ii)].
- (b) This matter was initially approved through the hearing process and the reinstatement of such previous order should also be administered in the same manner.
- (c) This situation is very similar to a problematic incidence that occurred two years ago within a neighboring non-prorated gas pool (see the Division's Memorandum dated June 8, 2004).

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for August 31, 2006. To help expedite this matter I have prepared the following advertisement:

Chevron U.S.A., Inc.
Division Administrative Application pTDS0-619152979

July 25, 2006

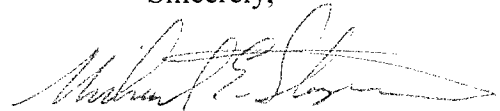
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“Application of Chevron U.S.A., Inc. for a non-standard gas spacing unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks to reinstate the provisions of Division Order No. R-7179, issued in Case No. 7761 on January 5, 1983, that established a 160-acre non-standard gas spacing unit in the Skaggs-Abo Gas Pool (85410) comprising the S/2 NE/4 and the N/2 SE/4 of Section 12, Township 20 South, Range 37 East, for its C. H. Weir “A” Well No. 12 (API No. 30-025-27398) located at an unorthodox gas well location 2307 feet from the North and East lines (Unit G) of Section 12. This unit is located line approximately six-and-a-half miles southeast of Monument, New Mexico.”

Please provide adequate notice pursuant to Division Rules 1210.A (3).

Should you have any questions concerning this matter, please contact your legal counsel, Mr. William F. Carr in Santa Fe, New Mexico at (505) 988-4421.

Sincerely,



Michael E. Stogner
Staff Engineer

cc: New Mexico Oil Conservation Division – Hobbs
Mr. William F. Carr, Legal Counsel for Chevron U.S.A., Inc. - Santa Fe

SE

Chevron

DATE IN 7/10/06	SUSPENSE	ENGINEER MIKE STOGNER	LOGGED IN 7/10/06	TYPE NSL	APP NO. PTD50619152979
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Case 13768

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address



**Keith Lopez
Petroleum Engineer
Permian Basin**

Mid-Continent Business Unit
Chevron U.S.A. Inc.
15 Smith Rd.
Midland, Texas 79705
Tel 432-687-7120
Fax 432-687-7871
lopk@chevron.com

July 5, 2006

Re-instate Non-Standard Proration Unit and Unorthodox Location
Order R-7179
Section 12, T20S, R37E
Lea County, New Mexico

New Mexico Oil Conservation Division
Attn: Oil & Gas Regulatory Department
2040 South Pacheco
Santa Fe, NM 87505

Dear Oil & Gas Regulatory Department:

Chevron Corporation respectfully requests administrative approval to re-instate the Non-Standard Proration Unit and Unorthodox Location for the CH Weir A #12 in the Skaggs Abo Gas Pool (Order R-7179). This order was approved on 1/5/1983 after all necessary notifications had been made. The #12 produced from the Abo from 1983 to 1991 when it was plugged back to the Drinkard. The well has currently declined to levels that we would like to re-open the Abo and reinstitute the order.

A copy of the previously approved Non-Standard Proration Unit and Unorthodox Location order is attached along with a plat and map of the area.

If you have any questions concerning this application, please contact Keith Lopez at (432)-687-7120 or by email at LOPK@CHEVRON.COM.

Sincerely,

A handwritten signature in cursive script that reads "Keith Lopez".

Keith Lopez
Petroleum Engineer

2006 JUL 10 PM 1 50

July 5, 2006
Page 2

Attachments

cc: NMOCD District 1 – Hobbs, NM
Keith Lopez
Well File

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-27398	² Pool Code 85410	³ Pool Name Skaggs Abo
⁴ Property Code 29919	⁵ Property Name Weir, C.H. -A-	⁶ Well Number 12
⁷ OGRID No. 4323	⁸ Operator Name Chevron Corporation	⁹ Elevation 3559' KB

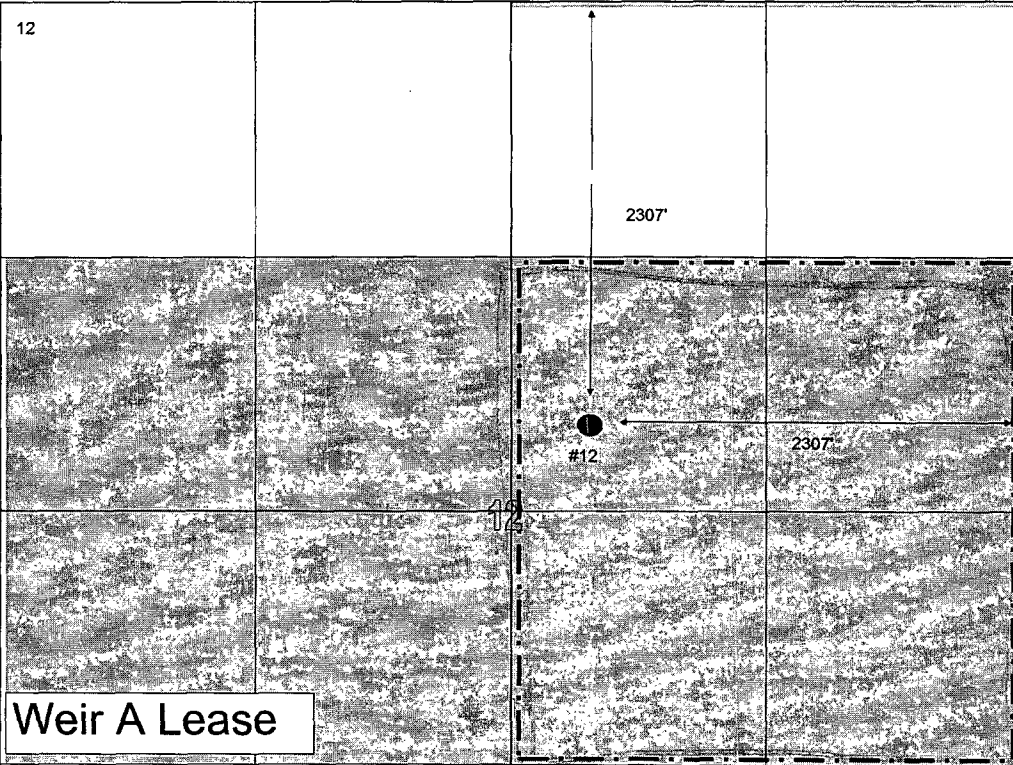
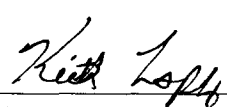
¹⁰ Surface Location

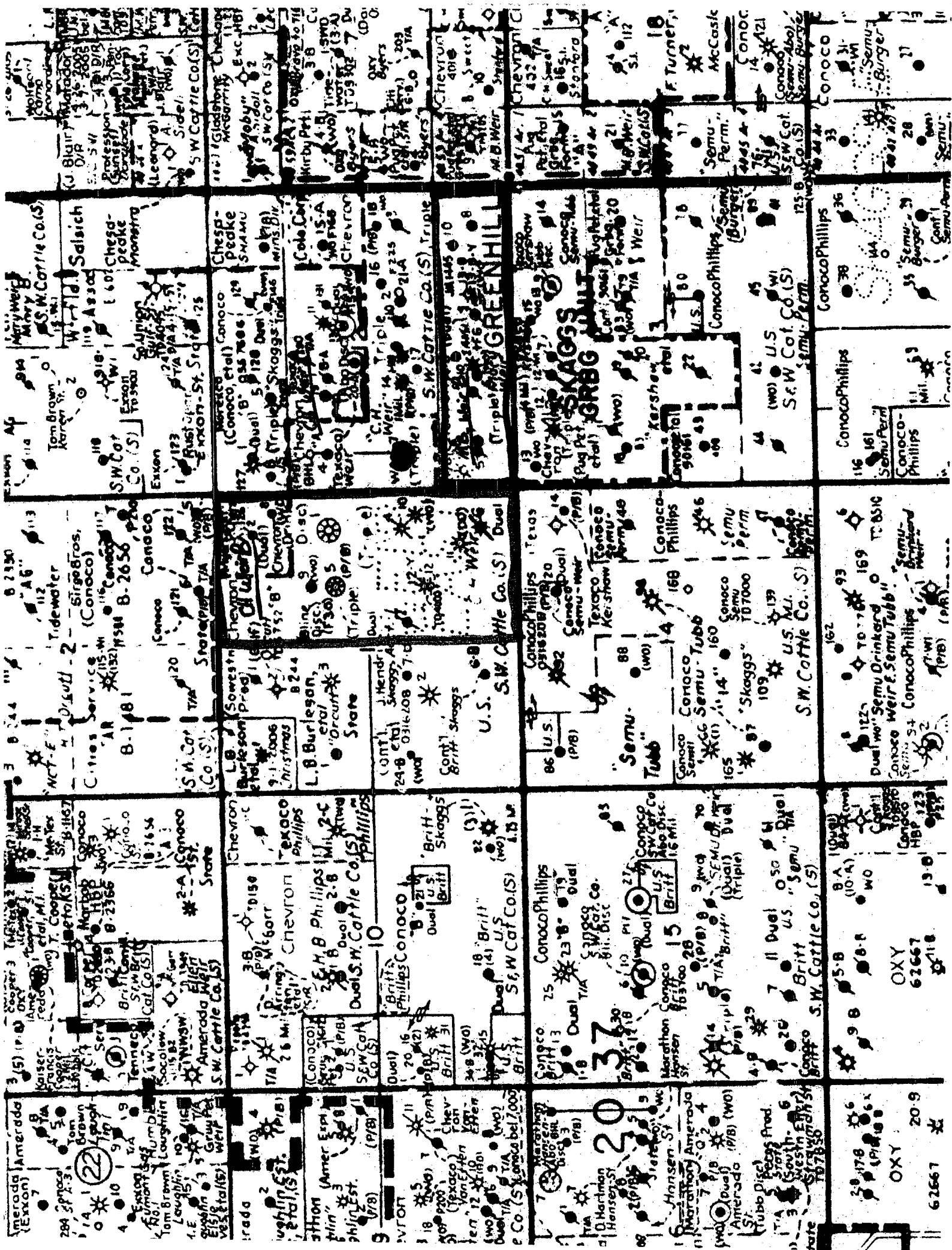
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	12	20S	37E		2307	North	2307	East	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

12					17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Keith Lopez Printed Name Petr. Engineer Title July 5, 2006
	18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Signature and Seal of Professional Surveyor: Certificate Number				



WHITE,
KOCH, KELLY
&
McCARTHY
A PROFESSIONAL ASSOCIATION

January 7, 1983

Mr. Jeff Wolliver
Texaco Inc
Post Office Box 3109
Midland, Texas 79702

Re: NMOCC Case No. 7761
TEXACO Inc
C.H. WEIR "A" Well Nos. 12 and 14
Unorthodox Location
Non-standard Proration Unit

Dear Mr. Wolliver:

I am pleased to enclose a copy of the Division Order
relating to the above matter.

Sincerely,


KENNETH BATEMAN

KB/bah
Enclosure

MIDLAND DIVISION P.E. DEPT.

☐ JW ☐ RSC ☐ RSL ☐

JAN 10 '83

cc: D. Bruce Pope
Legal Department

DTM		SEL		BLE	
INVO		SAI		WAC	
ISM		PER		DM	
ELY		TC			
✓JWV					
LEDC					
ETS					

✓ NOTE X HANDLE

L. C. White	Larry C. White
Sumner S. Koch	Forrest S. Smith
William Booker Kelly	John N. Patterson
John F. McCarthy, Jr.	Filmore E. Rose
Kenneth Bateman	Celia Foy Castillo
Benjamin Phillips	

Mailing Address: P.O. Box 787, Santa Fe, N.M. 87501
Street Address: 220 Otero St., Santa Fe, N.M. 87501 (505) 982-4374

Attorneys and Counselors at Law

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7761
Order No. R-7179

APPLICATION OF TEXACO INC. FOR
TWO NON-STANDARD PRORATION UNITS AND
AN UNORTHODOX LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 16, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of January, 1983, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Texaco Inc., seeks approval of two 160-acre non-standard gas proration units comprising the S/2 NE/4 and N/2 SE/4 of Section 12, Township 20 South, Range 37 East, NMPM, to be dedicated to its C. H. Weir "A" Well No. 12 at an unorthodox location 2307 feet from the North line and 2307 feet from the East line of said Section 12, and the S/2 NW/4 and N/2 SW/4 of Section 12 to be dedicated to its C. H. Weir "A" Well No. 14, located 1980 feet from the South line and 1815 feet from the West line of said Section 12.
- (3) That the entire area within said non-standard proration units may reasonably be presumed productive of gas from the Skaggs-Abo Gas Pool and that said non-standard gas proration units can be efficiently and economically drained and developed by the aforesaid wells.
- (4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable

share of the gas in the Skaggs-Abo Gas 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.

IT IS THEREFORE ORDERED:

(1) That Texaco Inc. is hereby granted two 160-acre non-standard gas proration units in the Skaggs-Abo Gas Pool comprising the S/2 NE/4 and N/2 SE/4, and the S/2 NW/4 and N/2 SW/4 of Section 12, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated, respectively, to the C. H. Weir "A" Well No. 12 at an unorthodox location, hereby approved, 2307 feet from the North line and 2307 feet from the East line of said Section 12 and to the C. H. Weir Well No. 14 located 1980 feet from the South line and 1815 feet from the West line of said Section 12.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

NEW MEXICO OIL CONSERVATION COMMISSION
LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-126
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

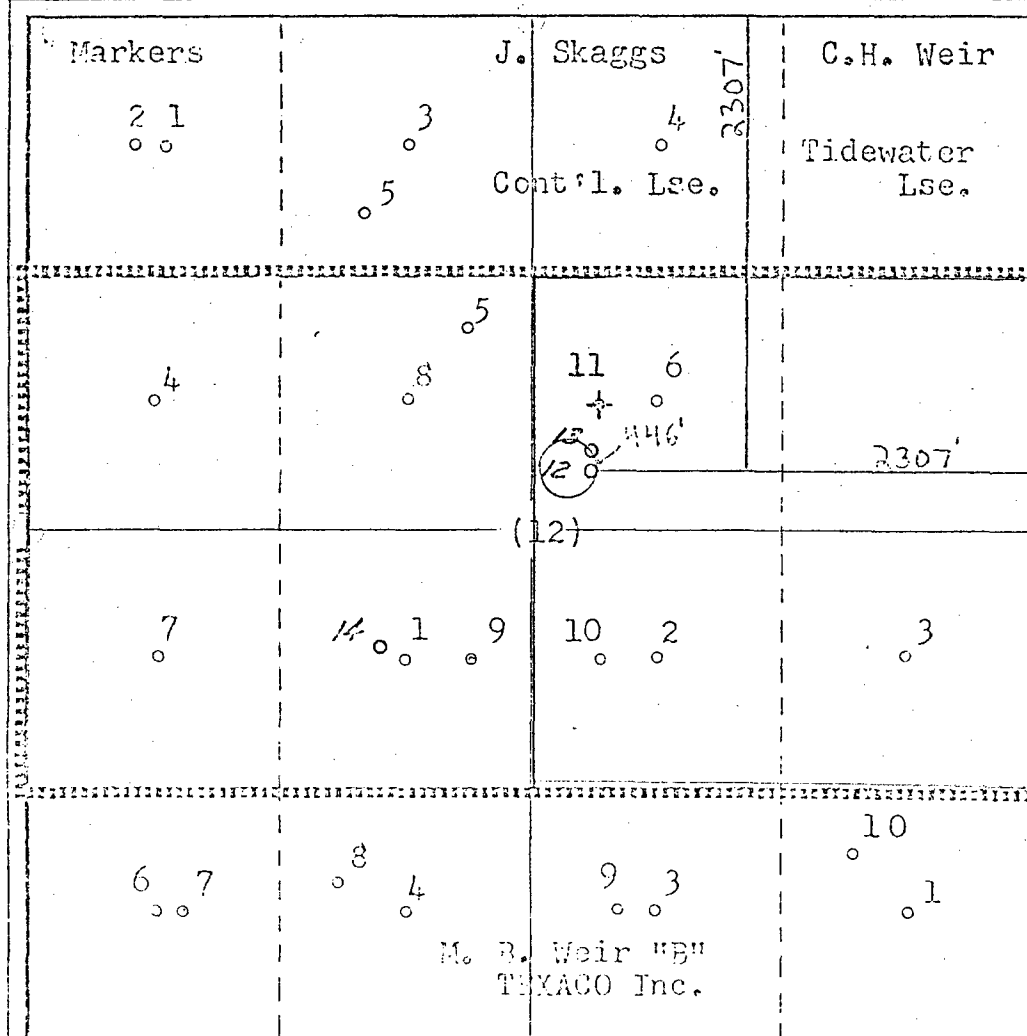
Operator TEXACO Inc.		Lease C. H. Weir "A"		Well No. 12
Unit Letter G	Section 12	Township 20 South	Range 37 East	County Lea
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 2307 feet from the North line and 2307 feet from the East line Sec. 12 </div>				
Ground Level Elev. 3559' Gr	Producing Formation Abo	Pool Skaggs Abo Gas	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Operating Agreement

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

R. S. Lane

Name
R. S. Lane

Position
Asst. Petr. Engr. Manager

Company
Texaco Inc.

Date
November 17, 1982

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made to me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

R. S. Lane

Date Surveyed
April 22, 1982

Registered Professional Engineer and/or Land Surveyor

R. S. Lane

Certificate No.
8103

