



January 30, 1997

OCD Commissioner's Hearing On
February 13, 1997, Case No. 11721
Prorated Gas Allowables For April, 1997 - October, 1997
Eumont Yates 7 Rivers Qn (Pro Gas) Pool
Lea County, New Mexico

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. LeMay,


Chevron U.S.A. Production Company, as a principal operator in the Eumont (Pro Gas) Pool, fully supports the Oil Conservation Division's proposed allowable adjustments which result in a Monthly Acreage Allocation Factor (F1) of 38,000 MCF for the Eumont Yates 7-Rivers Qn (Pro Gas) Pool, presented in the OCD's Memorandum dated January 24, 1997.

This year, Chevron has plans to drill four new-drills and perform 8-10 re-completions/re-stimulations in the Eumont (Pro Gas) Pool during the first half of 1997. This should augment the current pool daily production with an estimated incremental increase of 2-3 MMCF gas per day.

In order to economically pursue this already budgeted program for 1997, Chevron requests that the proposed Monthly Acreage Allocation Factor of 38,000 MCF be adopted for the period of April, 1997 through October, 1997. Any lower allowable would have a negative economic impact, jeopardizing continuation of our development program within the Eumont (Pro Gas) Pool.

We feel that maintaining the Monthly Acreage Allocation Factor at the proposed 38,000 MCF for the Eumont (Pro Gas) Pool through the upcoming proration period will allow continuation of current development levels throughout the Eumont (Pro Gas) Pool thus preventing waste while still protecting correlative rights.

Very truly yours,


Alan W. Bohling
Petroleum Engineer
Chevron U.S.A. Production Company



January 28, 1997

Prorated Gas Allowables (April 1997 - September 1997)
Indian Basin (Upper Penn) Gas Pool
Eddy County, New Mexico

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

Mr. William J. LeMay
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. LeMay:

Chevron U.S.A. Production Company operates with interest in 16 producing gas wells in the subject field and has a working interest in 3 non operated properties in the subject pool. Although Chevron does not intend to present testimony at the February 13 hearing, we support the Oil Conservation Division's proposed non-marginal well allowable rate of 200,000 MCT per month as set forth in your preliminary market demand and allowable determination schedule.

Chevron has proactively invested in development opportunities and production equipment to optimize production from the Indian Basin Upper Penn wells. Six of Chevron's 8 interest operated proration units are currently capable of producing at or above the proposed allowable. Our current efforts to continue optimizing proration unit production, further supports the proposed allowable as a continuation of the Commission's rulings during the previous eight proration periods. Based on current well deliverables, an allowable of 200,000 mcf per month will protect the interest and permit equitable sharing of gas produced among the owners in the pool.

Sincerely yours,

A handwritten signature in cursive script that reads "Michelle L. LeVan".

Michelle L. LeVan
Chevron U.S.A. Production Company

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