

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**APPLICATIONS OF CHEVRON USA PRODUCTION
COMPANY FOR REINSTATEMENT OF UNDERPRODUCTION,
INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL,
EDDY COUNTY, NEW MEXICO**

- | | |
|--|-------------------|
| (1) Federal Gas Com "33" Well Nos. 1 & 2
Section 33, T21S, R23E | CASE 11935 |
| (2) Bogel Flats Unit Well Nos. 5 & 18
Section 16, T22S, R23E | CASE 11936 |
| (3) Bogel Flats Unit Well Nos. 3 & 17
Section 9, T22S, R23E | CASE 11937 |
| (4) Bogel Flats Unit Well Nos. 1 & 10
Section 3, T22S, R23E | CASE 11938 |

STIPULATED AGREEMENT

Comes now Chevron U.S.A. Production Company ("Chevron"), by and through its attorney, William F. Carr of Campbell, Carr, Berge & Sheridan, and Marathon Oil Company ("Marathon"), by and through its attorney, W. Thomas Kellahin of Kellahin & Kellahin and stipulate as follows:

(1) Chevron is the operator of the following 640-acre gas proration and spacing units in the Indian Basin-Upper Pennsylvanian Gas Pool:

- (1) CASE 11935
Federal Gas Com "33" Well Nos. 1 & 2
Section 33, T21S, R23E

- (2) CASE 11936
Bogel Flats Unit Well Nos. 5 & 18
Section 16, T22S, R23E
- (3) CASE 11937
Bogel Flats Unit Well Nos. 3 & 17
Section 9, T22S, R23E
- (4) CASE 11938
Bogel Flats Unit Well Nos. 1 & 10
Section 3, T22S, R23E

(2) In each instant case, Chevron seeks the reinstatement of underproduction in this prorated gas pool in accordance with Order R-8170-H dated December 10, 1990.

(3) Marathon is an operator of other gas proration and spacing units in the Indian Basin-Upper Pennsylvanian Gas Pool and is an interested party affected by this application.

(4) Chevron and Marathon stipulate that the reinstatement of underproduction in these gas proration units ("GPUs") in this prorated gas pool are subject to the following applicable rules contained in Division Order R-8170-H dated December 10, 1990:

(a) Rule 14(b) REINSTATEMENT OF STATUS:

A GPU reclassified to non-marginal under the provisions of Rule 14(a) shall have reinstated to it all underproduction which accrued or would have accrued as a no-marginal GPU from the current production¹(sic) period, under production from the prior proration period may be reinstated after notice and hearing. All uncompensated-for overproduction accruing to the GPU while marginal shall be chargeable upon reclassification to non-marginal.

¹ This is a typographical error and should be "proration"

(b) Rule 10(a) UNDERPRODUCTION:

Any non-marginal GPU which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward in the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period.² Any underproduction carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.³

(5) In each instant case, and in accordance with paragraph (4) above, Chevron seeks the reinstatement of underproduction in this prorated gas pool in accordance with Division Order R-8170-H dated December 10, 1990 in such amounts that all overproduction for each GPU shall be eliminated as of the date indicated below. In addition, each GPU shall have any excess underproduction cancelled so that the GPU shall be neither overproduced nor underproduced as of the date indicated:

CASE 11935:

No under or overproduction as of April 1, 1997
Federal Gas Com "33" Well Nos. 1 & 2 (Unit 233)
Section 33, T21S, R23E

CASE 11936:

No under or overproduction as of April 1, 1997
Bogel Flats Unit Well Nos. 5 & 18 (Unit 316)
Section 16, T22S, R23E

CASE 1193:

No under or overproduction as of April 1, 1998
Bogel Flats Unit Well Nos. 3 & 17 (Unit 309)
Section 9, T22S, R23E

² For example, in Case 11935 this means that this GPU is not eligible for a credit for any underproduction prior to April 1, 1995.

³ For example, in Case 11935, this means that for this GPU if there is any underproduction credit not used by April 1, 1997, it is automatically canceled.

CASE 11938:
No under or overproduction as of April 1, 1998
Bogel Flats Unit Well Nos. 1 & 10 (Unit 303)
Section 3, T22S, R23E

(6) This stipulation shall be made a part of the record in the Examiner's hearing

This stipulation is executed this ___ day of February, 1998 by the respective attorneys of record for the parties indicated on behalf of said parties.

MARATHON OIL COMPANY:

BY:



Thomas C. Lowry, Esq.

W. Thomas Kellahin, Esq.

FOR CHEVRON U.S.A. PRODUCING COMPANY:

BY:

Greg Roberts



William F. Carr, Esq.

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case Nos. 11935, 11936, 11937 and 11938
(Consolidated) Exhibit No. 8

Submitted by: Chevron U.S.A. Production Company

Hearing Date: March 5, 1998