

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:

CASE NO. 10367

APPLICATION OF CHEVRON U.S.A.,
INC., FOR UNORTHODOX GAS WELL
LOCATION AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO

RECEIVED

AUG 01 1991

OIL CONSERVATION DIV
SANTA FE

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CHEVRON
U.S.A., INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

(name, address, phone
and contact person)

Chevron U.S.A., Inc.
P.O. Box 1150
Midland, TX 79702
Attn: Mr. A.W. Bohling
(915) 687-7246

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

OPPOSITION OR OTHER PARTY

(name, address, phone
and contact person)

Texaco, Inc.
P.O. Box 730
Hobbs, NM 88240
Attn: Mr. Bob Hart

ATTORNEY

William F. Carr
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

*Pre hearing
material*

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Chevron U.S.A., Inc., seeks approval for a third well at an unorthodox well location in the NW/4 of a previously approved 477-acre non-standard proration unit consisting of the NW/4 and E/2 of Section 19, T19S, R37E, in the Eumont Gas Pool, Lea County, New Mexico.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
A.W. Bohling (PE)	30 Min.	Production data Allowable data
George Burg (geologist)	15 Min.	Geology
Bethel Strawser (landman)	10 Min.	Ownership and offsets

OPPOSITION OR OTHER PARTY

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

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

IN THE MATTER OF THE HEARING
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CASE NO. 10367

APPLICATION OF CHEVRON U.S.A., INC.
FOR AN UNORTHODOX GAS WELL LOCATION
AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This prehearing statement is submitted by Campbell & Black, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Chevron U.S.A. Inc. _____

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin _____
Kellahin, Kellahin & Aubrey _____
Post Office Box 2265 _____
Santa Fe, New Mexico 87504 _____
(505) 982-4285 _____

OPPOSITION OR OTHER PARTY

Texaco, Inc. _____
Post Office Box 730 _____
Hobbs, New Mexico 88240 _____
Attn: Robert Hart _____
(303) 397-0429 _____
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq. _____
Campbell & Black, P.A. _____
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____
(505) 988-4421 _____

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SANTA FE

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Texaco Inc. opposes the application of Chevron because its approval will result in drainage from Texaco operated properties which offset the proposed unorthodox well location.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

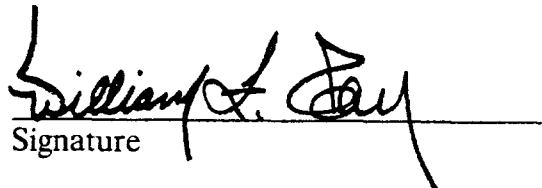
Robert Hart

15 Min.

Approximately 5

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

Dockets Nos. 25-91 and 26-91 are tentatively set for September 5, 1991 and September 19, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 22, 1991

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

The following cases will be heard before Jim Morrow, Examiner or Michael E. Stogner, or David R. Catanach, Alternate Examiners:

CASE 10280: (Continued from August 8, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

CASE 10361: (Continued from August 8, 1991, Examiner Hearing.)

Application of Seay Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Seven Rivers formation underlying Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 6, Township 20 South, Range 39 East, forming a 160.04-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent, developed on 160-acre gas spacing, which presently includes but is not necessarily limited to the House-Yates Seven Rivers Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 2.25 miles east-southeast of the community of Nadine, New Mexico.

CASE 10370: Application of Coleman Oil and Gas, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Point Lookout interval of the Blanco-Mesaverde Pool in the perforated interval from approximately 4380 feet to 4480 feet in its Sunco Disposal Well No. 1 to be drilled 1595 feet from the North line and 1005 feet from the West line (Unit E) of Section 2, Township 29 North, Range 12 West. Said location is approximately 2.5 miles south by east of Flora Vista, New Mexico.

CASE 10360: (Continued from August 8, 1991, Examiner Hearing.)

Application of Bird Creek Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation or to a depth of 6300 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location 990 feet from the North line and 760 feet from the West line of said Section 22. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 1 mile northeast of Loving, New Mexico.

CASE 10371: Application of Amoco Production Company to amend Division Order No. R-9487, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9487, dated May 8, 1991, which order authorized the applicant to recomplete its existing Smith Federal Gas Com Well No. 1 located 1613 feet from the North line and 2336 feet from the West line (Unit F) of Section 12, Township 22 South, Range 23 East, by side-tracking and directionally drilling from the existing wellbore in such a manner as to bottom the newly deviated portion of the wellbore in the Indian Basin-Upper Pennsylvanian Gas Pool at an unorthodox gas well location within a target area described as a rectangle 1800 to 2000 feet from the North line and 330 to 430 feet from the West line in Unit E of said Section 12. Said order also provided that all of said Section 12 be dedicated to the well to form a standard 640-acre gas spacing and proration unit for said pool, and an acreage factor of 0.49 was assigned the well for allowable purposes. At this time the applicant proposes to abandon the Smith well and requests authorization to drill a vertical replacement well at an unorthodox gas well location 2049 feet from the North line and 480 feet from the West line (Unit E) of said Section 12; all other provisions of said Order No. R-9487 should remain in full force and effect. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

EXAMINER HEARING - THURSDAY - AUGUST 22, 1991

CASE 10372: Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles west-southwest of Dulce, New Mexico.

CASE 10373: Application of Collins & Ware, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 7,000 feet to the base of the Morrow formation underlying the S/2 of Section 25, Township 23 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the South Culebra Bluff-Atoka Gas Pool, Undesignated Cedar Canyon-Morrow Gas Pool, and Undesignated North Loving-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 3.25 miles east-southeast of Loving, New Mexico.

CASE 10374: Application of Collins & Ware, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1 and 2, NE/4, and E/2 NW/4 (N/2 equivalent) of Section 7, Township 24 South, Range 29 East, forming a 319.36-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Malaga-Atoka Gas Pool, Undesignated Malaga-Morrow Gas Pool, and Undesignated Cedar Canyon-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles east-northeast of Malaga, New Mexico.

CASE 10352: (Continued from August 8, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 36, Township 20 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Palmillo Draw-Strawn Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NW/4 SW/4 of said Section 36. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles southwest of Loco Hills, New Mexico.

CASE 10353: (Continued from August 8, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 20, Township 22 South, Range 33 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated East Red Tank-Atoka Gas Pool and Undesignated Bootleg Ridge-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 11.25 miles northeast by north of the Lea/Eddy County line on State Highway No. 128.

CASE 10323: (Continued from August 8, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 32.75 miles west of Eunice, New Mexico.

CASE 10375: Application of Union Oil Company of California D/B/A UNOCAL for high angle directional drilling pilot project, special operating rules therefor, unorthodox gas well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle directional drilling pilot project in an existing 160-acre gas spacing and proration unit in the South Blanco Pictured Cliffs Pool comprising the NE/4 of Section 20, Township 27 North, Range 6 West. The applicant proposes to utilize its existing Rincon Unit Well No. 254 located at an unorthodox surface gas well location 1419 feet from the North line and 794 feet from the East line (Unit H) of said Section 20 and penetrate the Pictured Cliffs formation with a 60 degree angled wellbore oriented in a westerly direction. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 790 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the South Blanco Pictured Cliffs Pool, as promulgated by Division Order No. R-8170, as amended. Further, the applicant proposes to simultaneously dedicate production from said well with production from the existing Rincon Unit Well No. 52 located at a standard gas well location 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 20, therefore any provisions adopted for said project area should contain provisions allowing for appropriate exceptions or amendments to the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by said Order No. R-8170, as amended. Said unit is located approximately 10.5 miles southwest by south of Gobernador, New Mexico.

CASE 10368: (Continued from August 8, 1991, Examiner Hearing.)

Application of Johnny G. Jones for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of 13,800 feet, which correlates approximately to the base of the Strawn formation, underlying the SW/4 NE/4 (Unit G) of Section 34, Township 24 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes only the Pitchfork Ranch-Strawn Pool. Said unit is to be dedicated to its existing Moore "34" Com Well No. 1 located 1980 feet from the North and East lines of said Section 34, which was plugged and abandoned in January 1988 and was re-entered on March 30, 1990. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 16 miles west by north of Jal, New Mexico.

CASE 10367: (Continued from August 8, 1991, Examiner Hearing.)

Application of Chevron U.S.A. Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its B.V. Culp (NCT-A) Gas Com Well No. 11 to be drilled 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 19, Township 19 South, Range 37 East. Said well is to be simultaneously dedicated with the B.V. Culp (NCT-A) Gas Com Well No. 10, located at a previously approved unorthodox gas well location 840 feet from the North line and 990 feet from the East line (Unit A) of said Section 19, to the existing 477.14-acre non-standard gas spacing and proration unit comprising Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of said Section 19 (established by Division Order No. R-1487) which is located approximately 1.5 miles northwest of Monument, New Mexico.

CASE 9854: (Reopened)

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131-A/R-5353-K, which order reclassified the Diablo-Fusselman Pool in Chaves County, New Mexico, as an associated pool with special rules and regulations including provisions for 80-acre oil and 160-acre gas spacing and proration units, designated well location requirements, and established a gas/oil ratio (GOR) limitation of 6,500 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the Diablo-Fusselman Associated Pool should not be reclassified as either a gas pool or oil pool, to be governed by applicable statewide rules or to make any such recommendations regarding the proper spacing and development for said pool on a permanent basis.

CASE 10349: (Continued from July 11, 1991, Examiner Hearing.)

Application of Doyle Hartman, Oil Operator, for two non-standard gas proration units, unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to rededicate acreage in the Jalmat Gas Pool and form two non-standard gas spacing and proration units in the N/2 equivalent of Section 7, Township 23 South, Range 37 East. The Stevens "B-7" Com Well No. 1 located at an unorthodox gas well location 990 feet from the North and West lines (Unit D) of said Section 7 is to be dedicated to Lot 1, N/2 NE/4 and NE/4 NW/4 (N/2 equivalent) comprising 157.34 acres and the Stevens "B" Well No. 13 located at an unorthodox gas well location 1980 feet from the North line and 330 feet from the West line (Unit E) and Stevens "B-7" Com Well No. 2 also located at an unorthodox gas well location 1650 feet from the North and East lines (Unit G) are to be simultaneously dedicated to Lot 2, S/2 NE/4 and SE/4 NW/4 (S/2 N/2 equivalent) of said Section 7 comprising 157.31 acres. Said area is located approximately 14 miles north of Jal, New Mexico.

CASE 10358: (Continued from July 25, 1991, Examiner Hearing.)

Application of Conoco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool comprising the SE/4 of Section 17, Township 22 South, Range 36 East, to be dedicated to the existing State "E" Well No. 2 located at a standard gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 17. Said unit is located approximately 7 miles south by west of Oil Center, New Mexico.

CASE 10363: (Continued from August 8, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 8 miles west-southwest of Seven Rivers, New Mexico.

CASE 10356: (Continued from July 25, 1991, Examiner Hearing.)

Application of OXY USA, Inc. for an order affecting its Citgo Empire-Abo Pressure Maintenance Project and affecting ARCO Oil and Gas Company's Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to place its Citgo Empire-Abo Pressure Maintenance Project, located in portions of Section 35, Township 17 South, Range 27 East, and Section 2, Township 18 South, Range 27 East, under the provisions of Division Order A-261 (statewide oil prorationing) effective as of May 1, 1988 by rescinding Division Order R-4808 and by an exception to Rule 502 thereby establishing special assignment of allowables and adopting procedures concerning underproduction. Applicant further seeks a determination of the appropriate procedure to be applied by ARCO Oil and Gas Company in its Empire-Abo Pressure Maintenance Project, located in portions of Sections 34 and 36, Township 17 South, Range 27 East; portions of Sections 25, 26, 27 and 31 through 36, Township 17 South, Range 28 East; portions of Sections 29 and 30, Township 17 South, Range 29 East; portions of Sections 1 through 4, 8 through 11, 15 through 17, Township 18 South, Range 27 East; and portions of Sections 4, 5 and 6, Township 18 South, Range 28 East, concerning the accumulation of unused allowable under Rule 3 and Rule 5 of Order R-4549, as amended, to ensure that the correlative rights of the parties involved in these two adjoining projects are not impaired. Said Unit areas are located in an area 9 to 16 miles west by south of Loco Hills, New Mexico.

EXAMINER HEARING - THURSDAY - AUGUST 22, 1991

CASE 10369: (Continued from August 8, 1991, Examiner Hearing.)

Application of ARCO Oil & Gas Company for an order concerning its Empire-Abo Pressure Maintenance Project and the OXY USA, Inc. Citgo Empire-Abo Pressure Maintenance Project and to amend Division Order No. R-4808, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order from the Division determining the appropriate procedure to be applied by OXY U.S.A., Inc. in its Citgo Empire-Abo Unit to make up its current overproduction and to assure its full compliance with all Division Orders approving this Unit and operations therein, and the amendment of Division Order No. R-4808 to assure that future production from the Citgo Empire-Abo Unit is limited to a rate equal to the reservoir voidage occurring in the Empire-Abo Unit. Said unit areas are located in an area 9 to 16 miles west by south of Loco Hills, New Mexico.

CASE 10376: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain existing pools in McKinley, Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

- (a) EXTEND the Bisti Lower-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 18: NE/4

- (b) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 9: N/2

Section 10: W/2 NW/4

- (c) EXTEND the Blanco-Pictured Cliffs Pool in San Juan and Rio Arriba Counties, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM

Section 8: E/2

Section 9: S/2

Section 10: SW/4

Section 16: All

Section 17: E/2

Section 21: W/2

- (d) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 7: W/2

Section 18: All

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM

Section 10: E/2

Section 11: E/2

Section 12: All

Section 13: All

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: All

Section 20: NE/4

Section 21: All

Section 26: All

Section 27: All

Section 34: All

Section 35: All

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 13: All

- (e) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba, San Juan and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 21: SW/4 NE/4, NW/4, NE/4, and SE/4 NE/4

- (f) EXTEND the Ojo Encino-Entrada Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 20 NORTH, RANGE 5 WEST

Section 21: SE/4 SW/4

- (g) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 9 WEST

Section 13: SE/4

- (h) EXTEND the North Pinon-Fruitland Sand Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST

Section 30: NE/4

DOCKET NO. 24-91

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 29, 1991

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

(The Land Commissioner's designee for this hearing will be Gary Carlson)

CASE 10377: The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining October 1991 through March 1992 gas allowables for the prorated gas pools in New Mexico. Fourteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. Information concerning preliminary allowable estimates for the October-March period is being distributed with OCD Memorandum dated August 5, 1991.

CASE 10226: (De Novo - Continued from June 12, 1991, Commission Hearing.)

Application of Bird Creek Resources for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the East Loving-Delaware Pool including a provision for a limiting gas-oil ratio of 5000 cubic feet of gas per barrel of oil. Said pool is located in Township 23 South, Range 28 East, being approximately 2 miles east of Loving, New Mexico. Upon application of Bird Creek Resources, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10251: (De Novo - Continued from June 12, 1991, Commission Hearing.)

Application of Kaiser-Francis Oil Company for a pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the Delaware formation comprising the SE/4 of Section 8, Township 21 South, Range 26 East. Said area is located approximately 7 miles northwest of Carlsbad, New Mexico. Upon application of Kaiser-Francis Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

COMMISSION HEARING - THURSDAY - AUGUST 29, 1991

CASE 10378: Application of Doyle Hartman, Oil Operator, for an order enforcing the provisions of the Myers Langlie-Mattix Unit Agreement and unit operating agreement, as approved by Division Order No. R-6447; disapproval of a redevelopment plan; and an evaluation of current and past operation of the Myers-Langlie Mattix Unit Area by current and former operators, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the disapproval of all C-104's filed by Sirgo Operating Inc., purporting to name Sirgo as operator of the Myers Langlie-Mattix Unit; an order enjoining Sirgo from replacing the current operator, Texaco Exploration and Production Inc.; an order disapproving a redevelopment plan proposed by Sirgo; and an evaluation of current and past operation of said unit to determine compliance by the Operators with the Statutory Unitization Act. Said unit is located in Sections 25 and 36 of Township 23 South, Range 36 East; Sections 28 through 34 of Township 23 South, Range 37 East; Sections 1 and 12 of Township 24 South, Range 36 East; and Sections 2 through 11 of Township 24 South, Range 37 East, Langlie Mattix Pool. *This case is placed on the Commission Docket solely for the purpose of determining whether the Commission has jurisdiction over some or all of the issues. Any issues determined to be within the Commission's jurisdiction may be referred to hearing before a Division Examiner.*

CASE 7827: (Reopened and readvertised - This case will be dismissed.)

Application of Millard Deck Estate for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Langlie-Mattix and Jalmat production in the wellbore of the following three wells: Possh Wells Nos. 1 in Unit C; 3 in Unit K; and 4 in Unit B, all located in Section 36, Township 24 South, Range 36 East. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

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

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

**TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF
GAS FROM ALL PRORATED GAS POOLS IN NEW MEXICO**

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

**SUBJECT: COMMISSION HEARING ON AUGUST 29, 1991, CONCERNING
PRORATED GAS ALLOWABLES FOR OCTOBER 1991 - MARCH 1992**

DATE: AUGUST 5, 1991

A Commission Hearing will be scheduled for August 29, 1991 for the purpose of receiving nominations and other testimony and information to assist the Commission in determining prorated gas allowables for the Oct. '91 through Mar. '92 allocation period. The assistance of all segments of the natural gas industry is needed in this process so you are urged to attend the hearing and participate.

The following information is being distributed along with this memo:

- o PRELIMINARY ALLOWABLE ESTIMATES FOR EACH POOL.
- o EXPLANATIONS FOR POOL ALLOWABLE ADJUSTMENTS
- o COMPARISON OF MONTHLY AVERAGE POOL ALLOWABLES, SALES, F1 AND F2 FACTORS.
- o COMPARISON OF APRIL AND MAY, 1991 SALES VOLUMES TO ALLOWABLES.
- o REQUESTED FORMAT FOR NOMINATIONS - FORM C-121-A.

Nominations may be submitted prior to or at the August 29 Hearing. Nominations and other information presented at the hearing will be used to revise the preliminary allowables and assign final allowables for the allocation period.

dr/

PRELIMINARY ALLOWABLE ESTIMATES
MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
FOR OCT 91 THRU MAR 92
PRORATED GAS POOLS - SOUTHEAST NEW MEXICO

	ATOKA PENN	BLINEBRY	BUFFALO	BURTON FLAT	CARLSBAD	CATCLAW	EUNDMONT	INDIAN BASIN	INDIAN BASIN	JALMAT	JUSTIS BL	TUGER
	VALLEY PENN	MORROW	MORROW	MORROW	MORROW	MORROW	MORROW	UPPER PENN				
(1) AVERAGE MONTHLY POOL SALES OCT 90-MAR 91 ALL VOL. 5 ARE IN MCF	113,402	409,780	203,184	424,022	221,417	136,500	2,315,225	204,393	3,372,080	905,099	39,437	213,916
(2) TOTAL NOMINATIONS AVERAGE MONTHLY VOLUMES												
(3) ADJUSTMENTS	27,000	73,000		72,000	14,000	96,253	27,000	188,000	340,391	6,000		60,000
(4) MONTHLY POOL ALLOWABLE OCT 91-MAR 92 (LINE 1 + LINE 3)	140,402	482,780	203,184	424,022	293,417	150,500	2,411,478	231,393	3,560,080	1,245,490	45,437	273,916
(5) MONTHLY MARGINAL POOL ALLOWABLE FOR OCT 91-MAR 92	30,622	160,459	118,747	183,646	213,938	92,289	1,373,502	73,247	2,542,065	842,890	14,065	162,954
(6) MONTHLY NON-MARGINAL POOL ALLOWABLE OCT 91-MAR 92 (LINE 4 MINUS LINE 5)	109,780	322,321	84,437	240,376	79,439	58,211	1,037,976	154,146	1,018,015	402,600	31,372	110,962
(7) NUMBER OF NON-MARGINAL ACREAGE FACTORS	3.42	10.75	2.00	6.88	3.97	2.00	56.72	0.86	5.49	22.00	9.00	11.00
(8) MONTHLY ACREAGE ALLOCATION FACTOR OCT 91-MAR 92 FI (LINE 6 DIVIDED BY LINE 7)	32,099	29,985	42,219	34,938	20,015	29,106	18,300	181,565	183,431	18,300	3,486	10,087

OCT 91-MAR 92 FI FACTORS FOR OTHER POOLS
BURTON FLAT STRAWN FI=10,000
MONUMENT MCKEE ELLEN FI=25,000

PRELIMINARY ALLOWABLE ESTIMATES
MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
FOR OCT 91 THRU MAR 92
PRORATED GAS POOLS - NORTHWEST NEW MEXICO

BASIN	BLANCO	BLANCO	TAPACITO
BALLOTA	MESAVERDE	P.C. SOUTH	

8,039,435	14,122,492	1,204,658	207,577
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(1) AVERAGE MONTHLY POOL SALES
OCT 90-MAR 91
ALL VOL'S ARE IN MCF

(2) TOTAL MONTHLY SALES
AVERAGE MONTHLY VOLUMES

(3) ADJUSTMENTS

44,000

(4) MONTHLY POOL ALLOWABLE
OCT 91-MAR 92
(LINE 1 + LINE 3)

8,039,435	14,168,492	1,204,658	207,577
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(5) MONTHLY MARGINAL
POOL ALLOWABLE FOR
OCT 91-MAR 92

4,228,404	6,687,524	515,461	82,453
-----------	-----------	---------	--------

(6) MONTHLY NON-MARGINAL
POOL ALLOWABLE
OCT 91-MAR 92
(LINE 4 MINUS LINE 5)

3,811,031	7,480,968	725,197	125,124
-----------	-----------	---------	---------

(7) NUMBER OF NON-MARGINAL
ACREAGE FACTORS

433.65	599.93	456.61	91.74
--------	--------	--------	-------

(8) NUMBER OF NON-MARGINAL
ACREAGE & DELIVERABILITY
FACTORS

205,993	434,101	27,355	9,277
---------	---------	--------	-------

(9) MONTHLY ACREAGE ALLOCATION
FACTOR FOR OCT 91-MAR 92, F1

5,273	3,117	397	341
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(10) MONTHLY ACREAGE & DELIV
ALLOCATION FACTOR FOR
OCT 91-MAR 92, F2

7.40	12.92	19.80	10.12
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EXPLANATION FOR POOL ALLOWABLE ADJUSTMENTS

Prorated Gas Pools - Oct '91-Mar '92

<u>POOL</u>	<u>ADJUSTMENT MCF PER MONTH</u>	<u>REASON FOR ADJUSTMENT</u>
Atoka Penn	27,000	Overproduction
Blinebry	73,000	"
Carlsbad Morrow	72,000	Overproduction and Recent Production Volumes
Catchlaw Draw	14,000	Overproduction
Eumont	98,253	Minimum Allowable
Indian Basin Morrow	27,000	Overproduction
Indian Basin Upper Penn	188,000	"
Jalmat	340,391	Minimum Allowable
Justis	8,000	Recent Production
Tubb	60,000	" "
Blanco Mesaverde	46,000	Overproduction

Monthly Marginal Pool Allowables for Oct '91-Mar '92 are estimated based on Apr and May, 1991 Pool Sales Volumes.

COMPARISON OF MONTHLY AVERAGE
FOOL ALLOWABLES, SALES, F1 AND F2 FACTORS

PERIOD	ATON A FENN	EL INEBRY	ROUFALO	HURTUN	FLAT	CARLSBAD	CATCLAW	DRAW
			VALLY FENN	MURKOW		MURKOW		
OCT 89-MAR 90								
FOOL ALLOWABLE;MCF PER MO	90,502	584,153	226,422	507,581	333,609	231,865		
FOOL SALES;MCF PER MO	88,473	445,221	207,501	392,388	256,256	126,029		
F1	10,193	23,478	33,319	18,931	34,790	31,079		
OCT 90-MAR 91								
FOOL ALLOWABLE;MCF PER MO	100,273	441,816	239,674	544,365	200,077	146,514		
FOOL SALES;MCF PER MO	113,402	409,780	203,184	424,022	221,417	136,500		
F1	17,180	21,879	33,489	39,884	10,517	21,757		
OCT 91-MAR 92								
FOOL ALLOWABLE;MCF PER MO	140,402	482,780	203,184	424,022	293,417	150,500		
FOOL SALES;MCF PER MO	32,099	29,983	42,219	34,938	20,015	29,106		
F1								

PERIOD	EUMONT	IND. BASIN	IND. BASIN	JALMAT	JUSTIS	TURB
		MURKOW	UPPER FENN		GLORIETA	
OCT 89-MAR 90						
FOOL ALLOWABLE;MCF PER MO	2,279,715	90,717	3,187,359	775,942	57,744	338,032
FOOL SALES;MCF PER MO	1,779,169	78,348	3,052,361	855,488	60,222	289,732
F1	13,965	47,191	132,760	7,184	3,575	8,383
OCT 90-MAR 91						
FOOL ALLOWABLE;MCF PER MO	2,234,375	209,172	3,431,660	973,904	46,147	236,501
FOOL SALES;MCF PER MO	2,315,225	204,393	3,372,080	905,099	39,437	213,916
F1	16,991	159,687	173,285	13,912	3,541	10,127
OCT 91-MAR 92						
FOOL ALLOWABLE;MCF PER MO	2,411,178	231,393	3,560,080	1,245,490	45,437	273,916
FOOL SALES;MCF PER MO	18,300	181,565	185,431	18,300	3,486	10,087
F1						

PERIOD	BASIN DAKOTA	BLANCO MESAVERDE	BLANCO F. C. SOUTH	TAFACITO
OCT 89-MAR 90				
FOOL ALLOWABLE; MCF PER MO	12,242,569	16,894,172	1,797,464	449,567
FOOL SALES; MCF PER MO	10,302,401	14,990,087	1,115,864	318,270
F1	4,528	2,629	375	488
F2	8.14	13.44	17.16	19.14
OCT 90-MAR 91				
FOOL ALLOWABLE; MCF PER MO	9,416,739	15,731,709	1,508,811	332,221
FOOL SALES; MCF PER MO	8,039,435	14,122,492	1,204,658	207,577
F1	5,676	3,690	483	546
F2	7.83	15.78	23.18	17.07
OCT 91-MAR 92				
FOOL ALLOWABLE; MCF PER MO	8,039,435	14,168,492	1,204,650	207,577
FOOL SALES; MCF PER MO	5,273	5,117	397	341
F1	7.40	12.92	19.88	10.12
F2				

COMPARISON OF APRIL AND MAY 1991 SALES VOLUMES
AND ALLOWABLES; MCF PER MONTH

NEW MEXICO PRORATED GAS SALES

<u>POOL</u>	<u>APR-SEP 1991 MONTHLY ALLOWABLE</u>	<u>AVG. MONTHLY SALES APR.-MAY, 1991</u>
Atoka Penn	107,414	101,987
Blinebry	368,926	423,780
Buffalo Valley Penn	221,054	151,296
Burton Flat Morrow	481,903	303,122
Carlsbad Morrow	252,146	252,452
Catchlaw Draw Morrow	161,064	102,195
Eumont	2,278,783	2,112,369
Indian Basin Morrow	144,974	167,651
Indian Basin Upper Penn	3,166,406	3,231,461
Jalmat	1,148,663	1,091,336
Justis Glorieta	43,021	44,499
Tubb	266,658	245,611
Basin Dakota	8,552,554	6,359,286
Blanco Mesaverde	13,546,300	13,862,223
Blanco P.C. South	1,242,564	991,596
Tapacito	234,518	177,580

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-121-A
Revised 4-1-91

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

PURCHASER'S GAS NOMINATIONS

COMPANY Name of Purchaser or Transporter	ADDRESS Address of Purchaser or Transporter
---	--

In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, the above named company herewith submits its nominations for the purchase of gas from the Pool Name*

Pool for the month shown below: (insert in appropriate month)

MONTH	YEAR	NOMINATION, MCF
APRIL		
MAY		
JUNE		
JULY		
AUGUST		
SEPTEMBER		
OCTOBER	1991	30,000
NOVEMBER	1991	30,000
DECEMBER	1991	40,000
JANUARY	1992	40,000
FEBRUARY	1992	30,000
MARCH	1992	30,000

NOTE: All Volumes are to be MCF at 15.025 psia and 60° F.

Signature	Printed Name & Title	Date	Telephone No.
-----------	----------------------	------	---------------

FILING INSTRUCTIONS: One copy of this form must be filed with the Santa Fe Office of the Division by the first day of the month during which the nominations are to be considered at public hearing.

*Please file a separate form for each pool for which a nomination is made.

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:

CASE NO. 10367

APPLICATION OF CHEVRON U.S.A., INC.
FOR AN UNORTHODOX GAS WELL LOCATION
AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This prehearing statement is submitted by Campbell & Black, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Chevron U.S.A. Inc. _____

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin _____
Kellahin, Kellahin & Aubrey _____
Post Office Box 2265 _____
Santa Fe, New Mexico 87504 _____
(505) 982-4285 _____

OPPOSITION OR OTHER PARTY

Texaco, Inc. _____
Post Office Box 730 _____
Hobbs, New Mexico 88240 _____
Attn: Robert Hart _____
(303) 397-0429 _____
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq. _____
Campbell & Black, P.A. _____
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____
(505) 988-4421 _____

RECEIVED

AUG 05 1991

OIL CONSERVATION DIV.
SANTA FE

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Texaco Inc. opposes the application of Chevron because its approval will result in drainage from Texaco operated properties which offset the proposed unorthodox well location.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

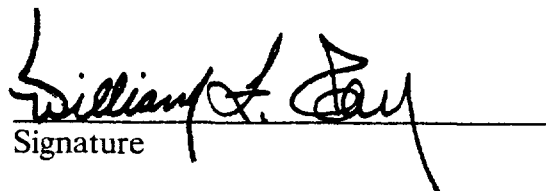
Robert Hart

15 Min.

Approximately 5

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702

OIL CONSERVATION DIVISION

RECEIVED

July 18, 1991

'91 JUL 22 AM 9 23

CHEVRON'S APPLICATION FOR
UNORTHODOX GAS WELL LOCATION
AND SIMULTANEOUS DEDICATION
EUMONT YT 7-RVRS QN (PRO GAS)
B.V. CULP (NCT-A) GAS COM 11
SECTION 19, T-19-S, R-37-E
LEA COUNTY, NEW MEXICO

Offset Operators
List attached

Case 10367

Gentlemen:

This is to notify you of a hearing set for August 8, 1991 on Chevron's application dated May 30, 1991, with the New Mexico Oil Conservation Division for an Unorthodox Gas Well Location and Simultaneous Dedication to drill and complete our **B. V. Culp (NCT-A) Gas Com Well No. 11** in the Eumont Yates Seven-Rivers Queen (Pro Gas) Pool. The well is to be located 660' FNL and 2310' FWL, Unit C, Section 19, T-19-S, R-37-E. It would be simultaneously dedicated with other Eumont gas wells in the existing 477-acre Eumont Gas Proration Unit consisting of the N/2 and SE/4 of Section 19.

As a result of an objection, this case has been set for hearing before a Division Examiner of the New Mexico Oil Conservation Division in Santa Fe, New Mexico. You have the right as an offset operator to appear at this hearing and participate in this case. Should you desire to appear either in support of or in opposition to this case, Division guidelines require you to file a pre-hearing statement with the Division, with a copy to the undersigned, not later than 4:00 PM, Friday, August 2, 1991.

If you have any questions or require any further information concerning this application, please contact me at (915) 687-7246.

Yours very truly,

BSShawser

A. W. BOHLING
Proration Engineer

for

BSS

Attachment

cc: NMOCD - Santa Fe, NM
NMOCD - Hobbs, NM

CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

Application For An Unorthodox
Gas Well Location
and
Simultaneous Dedication of Acreage
Eumont Yates 7-Rivers Queen (Prorated Gas)
660' FNL and 2310' FWL
Section 19, T-19-S, R-37-E
Lea County, New Mexico

OFFSET OPERATORS

Amerada Hess Corp.
Entex Bldg.
1200 Milam Street
Houston, TX 77002
Attn: G. B. Miller

Conoco Inc.
P. O. Box 1959
Midland, TX 79702
Attn: J. W. Hoover

Lanexco Inc.
P. O. Box 2730
Midland, TX 79702
Attn: T. Phipps

Phillips Petroleum
4001 Penbrook
Odessa, TX 79762
Attn: D. A. Brown

Shell Western E & P Co.
P. O. Box 576
Houston, TX 77001
Attn: W. F. N. Kelldorf

Texaco Producing Co.
P. O. Box 728
Hobbs, NM 88240
Attn: J. A. Head

RECEIVED

AUG 02 1991

OIL CONSERVATION DIV.
SANTA FE

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF CHEVRON U.S.A. INC. FOR AN
UNORTHODOX GAS WELL LOCATION AND
SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

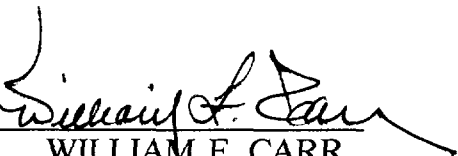
CASE NO. 10367

ENTRY OF APPEARANCE

COMES NOW CAMPBELL & BLACK, P.A., and hereby enters its appearance in
the above referenced case on behalf of Texaco, Inc.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR
TEXACO, INC.

Dockets Nos. 23-91 and 24-91 are tentatively set for August 22, 1991 and September 5, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 8, 1991

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

The following cases will be heard before David R. Catanach, Examiner or Michael E. Stogner, or Jim Morrow, Alternate Examiners:

CASE 10321: (Readvertised)

Application of McKay Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Charolette State Unit Agreement for an area comprising 13,946.73 acres, more or less, of State, Federal and Fee lands in portions of Township 5 South, Range 20 East, which is located approximately 13 miles southwest of Mesa, New Mexico.

CASE 10280: (Continued from July 11, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

CASE 10360: Application of Bird Creek Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation or to a depth of 6300 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location 990 feet from the North line and 760 feet from the West line of said Section 22. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 1 mile northeast of Loving, New Mexico.

CASE 10290: (Continued from June 27, 1991, Examiner Hearing.)

Application of Avon Energy Corporation for amendment of Division Order Nos. R-3185, R-3185-A and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-3185, R-3185-A, and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project to 450 psi above the formation parting pressure as determined from step-rate tests for four (4) certain injection wells in the entire Grayburg-San Andres formation of the Grayburg-Jackson Pool within the project area being all or parts of Sections 17, 20, 29, and 30 of Township 17 South, Range 31 East. Said project area is located approximately 4.5 miles east of Loco Hills, New Mexico.

CASE 10361: Application of Seay Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Seven Rivers formation underlying Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 6, Township 20 South, Range 39 East, forming a 160.04-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent, developed on 160-acre gas spacing, which presently includes but is not necessarily limited to the House-Yates Seven Rivers Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 2.25 miles east-southeast of the community of Nadine, New Mexico.

CASE 10362: Application of Robert N. Enfield for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Grayburg formation, or to a depth of 4500 feet, whichever is deeper, underlying the NE/4 SW/4 (Unit K) of Section 29, Township 18 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Corbin-Yates Pool, Undesignated Buffalo-Queen Pool, and Undesignated South Corbin-Queen Pool. Said unit is dedicated to the plugged and abandoned Pennzoil United, Inc. Hudson "29" Federal Well No. 2 (T.D.-13,575 feet) located at a standard oil well location 1980 feet from the South and West lines of said Section 29. Also to be considered will be the cost of re-entering and recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entering and recompleting said well. Said well is located approximately 10.5 miles south-southeast of Maljamar, New Mexico.

CASE 10363: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 8 miles west-southwest of Seven Rivers, New Mexico.

CASE 10352: (Continued from July 25, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 36, Township 20 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Palmillo Draw-Strawn Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NW/4 SW/4 of said Section 36. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles southwest of Loco Hills, New Mexico.

CASE 10353: (Continued from July 25, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 20, Township 22 South, Range 33 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated East Red Tank-Atoka Gas Pool and Undesignated Bootleg Ridge-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 11.25 miles northeast by north of the Lea/Eddy County line on State Highway No. 128.

CASE 10323: (Continued from July 25, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 32.75 miles west of Eunice, New Mexico.

CASE 10344: (Continued from July 25, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 8 South, Range 27 East, to test the Ordovician formation, the S/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.25 miles southwest of Elkins, New Mexico.

CASE 10364: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Grayburg formation underlying the NW/4 NW/4 (Unit D) of Section 32, Township 18 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Buffalo-Yates Pool and Buffalo-Queen Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 11 miles south-southeast of Maljamar, New Mexico.

CASE 10365: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Grayburg formation underlying the NW/4 NE/4 (Unit B) of Section 32, Township 18 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Buffalo-Yates Pool and Undesignated Buffalo-Queen Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 11 miles south-southeast of Maljamar, New Mexico.

CASE 10366: Application of Chevron U.S.A. Inc. to amend Division Order No. R-5549, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-5549, which authorized a 480-acre non-standard Eumont gas spacing and proration unit comprising the NE/4 and S/2 of Section 22, Township 21 South, Range 36 East and the simultaneous dedication of said Eumont Gas Pool production to the Harry Leonard (NCT-A) Well Nos. 3, 7, and 12 located in Units B, M, and P of said Section 22, by granting approval for a fourth well to said unit to be drilled at an unorthodox gas well location 2070 feet from the South line and 1970 feet from the East line (Unit J) of said Section 22. Said unit is located approximately 3 miles east of Oil Center, New Mexico.

CASE 10367: Application of Chevron U.S.A. Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its B.V. Culp (NCT-A) Gas Com Well No. 11 to be drilled 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 19, Township 19 South, Range 37 East. Said well is to be simultaneously dedicated with the B.V. Culp (NCT-A) Gas Com Well No. 10, located at a previously approved unorthodox gas well location 840 feet from the North line and 990 feet from the East line (Unit A) of said Section 19, to the existing 477.14-acre non-standard gas spacing and proration unit comprising Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of said Section 19 (established by Division Order No. R-1487) which is located approximately 1.5 miles northwest of Monument, New Mexico.

CASE 10368: Application of Johnny G. Jones for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of 13,800 feet, which correlates approximately to the base of the Strawn formation, underlying the SW/4 NE/4 (Unit G) of Section 34, Township 24 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes only the Pitchfork Ranch-Strawn Pool. Said unit is to be dedicated to its existing Moore "34" Com Well No. 1 located 1980 feet from the North and East lines of said Section 34, which was plugged and abandoned in January 1988 and was re-entered on March 30, 1990. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 16 miles west by north of Jal, New Mexico.

CASE 10369: Application of ARCO Oil & Gas Company for an order concerning its Empire-Abo Pressure Maintenance Project and the OXY USA, Inc. Citgo Empire-Abo Pressure Maintenance Project and to amend Division Order No. R-4808, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order from the Division determining the appropriate procedure to be applied by OXY U.S.A., Inc. in its Citgo Empire-Abo Unit to make up its current overproduction and to assure its full compliance with all Division Orders approving this Unit and operations therein, and the amendment of Division Order No. R-4808 to assure that future production from the Citgo Empire-Abo Unit is limited to a rate equal to the reservoir voidage occurring in the Empire-Abo Unit. Said unit areas are located in an area 9 to 16 miles west by south of Loco Hills, New Mexico.

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:

CASE NO. 10367

APPLICATION OF CHEVRON U.S.A.,
INC., FOR UNORTHODOX GAS WELL
LOCATION AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO

RECEIVED

AUG 01 1991

OIL CONSERVATION DIV
SANTA FE

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CHEVRON
U.S.A., INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

(name, address, phone
and contact person)

Chevron U.S.A., Inc.
P.O. Box 1150
Midland, TX 79702
Attn: Mr. A.W. Bohling
(915) 687-7246

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

OPPOSITION OR OTHER PARTY

(name, address, phone
and contact person)

Texaco, Inc.
P.O. Box 730
Hobbs, NM 88240
Attn: Mr. Bob Hart

ATTORNEY

William F. Carr
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Pre-hearing Statement
NMOCD Case No. 10367
Page 2

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Chevron U.S.A., Inc., seeks approval for a third well at an unorthodox well location in the NW/4 of a previously approved 477-acre non-standard proration unit consisting of the NW/4 and E/2 of Section 19, T19S, R37E, in the Eumont Gas Pool, Lea County, New Mexico.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
A.W. Bohling (PE)	30 Min.	Production data Allowable data
George Burg (geologist)	15 Min.	Geology
Bethel Strawser (landman)	10 Min.	Ownership and offsets

OPPOSITION OR OTHER PARTY

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

OIL CONSERVATION DIVISION
RECEIVED

CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11
JUL 5 AM 10 02

Application For An Unorthodox
Gas Well Location
and
Simultaneous Dedication of Acreage
Eumont Yates 7-Rivers Queen (Prorated Gas)
660' FNL and 2310' FWL
Section 19, T-19-S, R-37-E
Lea County, New Mexico

Case 10367

WAIVER TO OBJECTION

We, the undersigned, as an offset operator, waive any objection to Chevron U.S.A., Inc.'s application for NMOCD approval of an Unorthodox Gas Well Location in the Eumont Yates 7-Rivers Queen (Prorated Gas) Pool. This location is to be 660 feet FNL and 2310 feet FWL, Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. We further understand that this well will be simultaneously dedicated to an existing 477-acre gas proration unit along with Chevron's B. V. Culp (NCT-A) Gas Com Well Nos. 9 and 10. This proration unit comprises the N/2 and SE/4 of Section 19, T-19-S, R-37-E, Lea County, New Mexico.

Company:

Amara de Hess Corp.

Representative:

Signature:

J. J. Johnson

Title:

Region Manager

Date:

7/1/91



NEW MEXICO STATE OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

JUN 17 1991 10 46

June 17, 1991

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Case 10367

Attn: Mr. William J. LeMay - Director

Re: Objection to Application
Application of Chevron for Unorthodox Gas Well Location
Eumont Yates 7-Rivers Queen (Prorated Gas) Pool
660' FNL and 2310' FWL Section 19, T-19-S, R-37-E
Lea County, New Mexico

Gentlemen:

As an offset operator to Chevron's B.V. Culp (NCT-A) Gas Com, Texaco objects to their application for an unorthodox gas well location in the Eumont Yates Seven Rivers Queen (Pro Gas) Field. Chevron's proposed location is 660' FNL & 2310' FWL, Unit C, Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

Special Pool Rules and Regulations for the Eumont Gas Pool set forth 320 acres as the maximum amount of acreage to be assigned a gas well located 660' from its nearest boundary. Therefore, assigning 477 acres to the proposed B.V. Culp (NCT-A) Gas Com No. 11, at the location prescribed by Chevron, would violate Texaco's correlative rights.

Texaco's offset Eumont well is the Saunders "K" State Gas Com Well No. 1 located 760' north of the common boundary with Chevron's B.V. Culp (NCT-A) Gas Com proration unit.

Yours Truly,

J. A. Head
Hobbs Area Manager

REH/s

file
chrono

cc: Chevron U.S.A., Inc. - Midland, Texas

William F. Carr - Santa Fe, New Mexico

NMOCD - Hobbs, New Mexico

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

Received 1/3/91

Return 6/29/91

GARREY CARRUTHERS
GOVERNOR

November 1, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Attention: A. W. Bohling

Administrative Order NSL-2919(50)

2919-A (50)

Dear Mr. Bohling:

May 30, 1991

Reference is made to your application dated ~~October 3, 1990~~ for an unorthodox Eumont gas well location in an existing non-standard 477.14-acre gas spacing and proration unit (GPU) for said Eumont Gas Pool comprising Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order No. R-1487, dated September 14, 1959 and ~~presently has~~ dedicated thereon the B.V. Culp (NCT-A) Well Nos. 3 and 9 located respectively in Units F and ~~of said Section 19 (simultaneous dedication authorized by Division Order No. R-6482, dated October 20, 1980)~~ ^{located in Unit F}

By Division Order No. R-6482, dated October 20, 1980 authorized the simultaneous dedication of ^{said} Eumont gas production from ~~the~~ B.V. Culp (NCT-A) Well No. 3 with the B.V. Culp (NCT-A) Well No. 9 located in Unit J of said Section 19 to the subject GPU.

By Division Administrative Order NSL-2919(50), dated November 1, 1990, an additional well for said GPU, the B.V. Culp (NCT-A) Gas Com Well No. 10 located at an unorthodox gas well location 840 feet from the North line and 990 feet from the East line (Unit A) of said Section 19 was approved. Authorization was also given in said ~~Administrative~~ administrative order to simultaneously dedicate Eumont gas production from the B.V. Culp (NCT-A) Well Nos. 3 and 9 and the B.V. Culp (NCT-A) Gas Com Well No. 10 to the subject GPU.

It is our understanding that the subject well in this application, the proposed B.V. Culp (NCT-A) Gas Com Well No. 11, is to be a replacement well for the No. 3 well located in Unit F of said Section 19 which is to be plugged out of the Eumont zone and utilized in the North Eumont Grayburg 6/24/91

Unit Secondary Recovery Project.

By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170 as amended, the following described well ~~located~~ at an unorthodox gas well location is hereby approved: *to be drilled*

B.V. Culp (NCT-A) Gas Com Well No. ~~10~~ 11

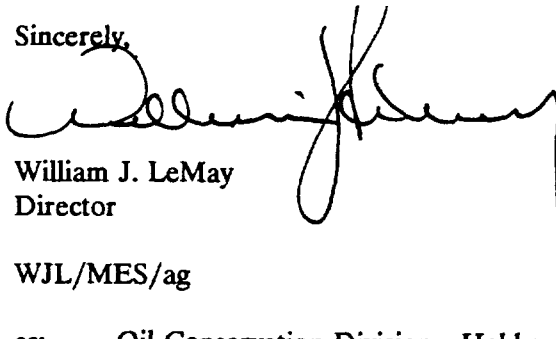
~~840'~~ FNL - ~~998'~~ ~~PEL~~ (Unit ~~A~~)

~~660~~ 2310 FNL C *9 and 10*

Also, you are hereby authorized to simultaneously dedicate Eumont Gas production from the B.V. Culp (NCT-A) Gas Com Well No. ~~10~~ with the B.V. Culp (NCT-A) Gas Com Well Nos. ~~3 and 9~~. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from ~~all of said~~ wells in any proportion. *these three*

All ~~provisions~~ applicable provisions of Division Administrative Order NSL-2919 (SM) and Division Order No. R-1487 shall remain in full force and effect until further notice. However, Division Order No. R-6482 shall be placed in abeyance until further notice.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: NSL-2919(SM)



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702

PERMIAN BASIN DIVISION

Permian Basin Production Business Unit

May 30, 1991

ADMINISTRATIVE APPLICATION FOR
UNORTHODOX GAS WELL LOCATION
AND SIMULTANEOUS DEDICATION
EUMONT YT 7-RVRS QN (PRO GAS)
660' FNL AND 2310' FWL, UNIT C
SECTION 19, T-19-S, R-37-E
LEA COUNTY, NEW MEXICO

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Case 10367

Attn: Mr. William J. LeMay - Director

Gentlemen:

Chevron U.S.A., Inc. respectfully requests your approval of this administrative application for the subject Unorthodox Gas Well Location and Simultaneous Dedication.

Chevron is planning to drill and complete it's **B. V. Culp (NCT-A) Gas Com Well No. 11** in the Eumont Yates Seven-Rivers Queen (Pro Gas) Pool as a replacement well for our B. V. Culp (NCT-A) Gas Com Well No. 3. We currently plan to plug out of the Eumont zone in Well No. 3 (which also produces from the Grayburg) in preparation for turning this well over to the N. Monument Grayburg Unitization. It is our desire to also simultaneously dedicate the existing 477-acre Eumont Gas Proration Unit assigned to our B. V. Culp Well Nos. 9 and 10 (Order R-1487, Order 6482 and Order NSL-2919 (SD) to the proposed B. V. Culp (NCT-A) Gas Com Well No. 11.

As a result, the location of the B. V. Culp (NCT-A) Gas Com Well No. 11 is unorthodox in that it is less than 990' from the outer boundary of the proration unit. The location of Well No. 11 is 660 feet FNL and 2310 feet FWL, Unit Letter C, Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

In order to prevent waste, Chevron respectfully requests your approval of this administrative application for an unorthodox gas well location and simultaneous dedication. Attached is a map showing offset operators and a Form C-102 plat. A copy of this letter and attachments are being furnished by Certified Mail to

offset operators as their notice of this application.
If you have any questions or require any further information
concerning this application, please contact me at (915) 687-7246.

Yours very truly, .

Alan W. Bohling

A. W. BOHLING
Proration Engineer

awb
Attachments
Enclosures

cc: NMOCD - Hobbs, NM

CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

Application For An Unorthodox
Gas Well Location
and
Simultaneous Dedication of Acreage
Eumont Yates 7-Rivers Queen (Prorated Gas)
660' FNL and 2310' FWL
Section 19, T-19-S, R-37-E
Lea County, New Mexico

OFFSET OPERATORS

Amerada Hess Corp.
Entex Bldg.
1200 Milam Street
Houston, TX 77002
Attn: G. B. Miller

Conoco Inc.
P. O. Box 1959
Midland, TX 79702
Attn: J. W. Hoover

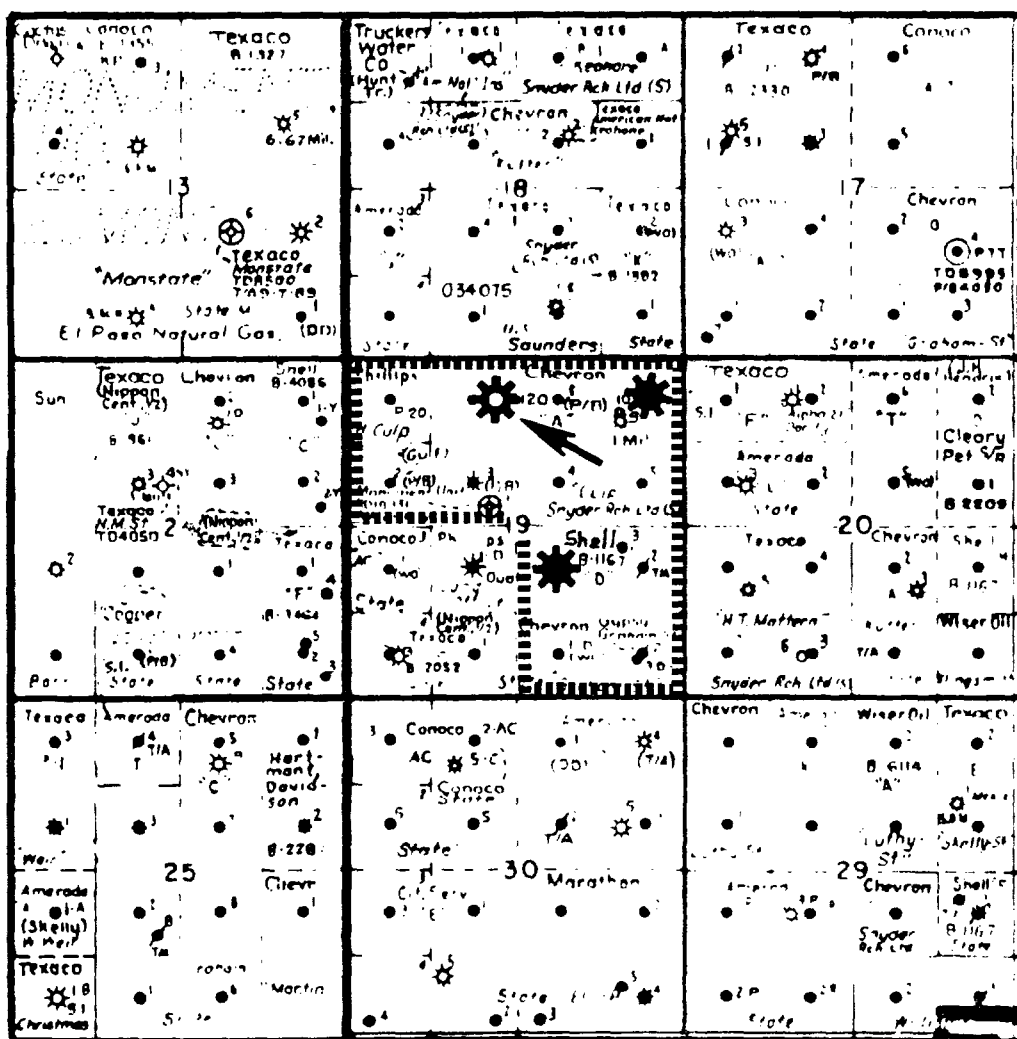
Lanexco Inc.
P. O. Box 2730
Midland, TX 79702
Attn: T. Phipps

Phillips Petroleum
4001 Penbrook
Odessa, TX 79762
Attn: D. A. Brown

Shell Western E & P Co.
P. O. Box 576
Houston, TX 77001
Attn: W. F. N. Kelldorf

Texaco Producing Co.
P. O. Box 728
Hobbs, NM 88240
Attn: J. A. Head

Application For An Unorthodox
Gas Well Location
and
Simultaneous Dedication of Acreage
Eumont Yates 7-Rivers Queen (Prorated Gas)
660' FNL and 2310' FWL
Section 19, T-19-S, R-37-E
Lea County, New Mexico



OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

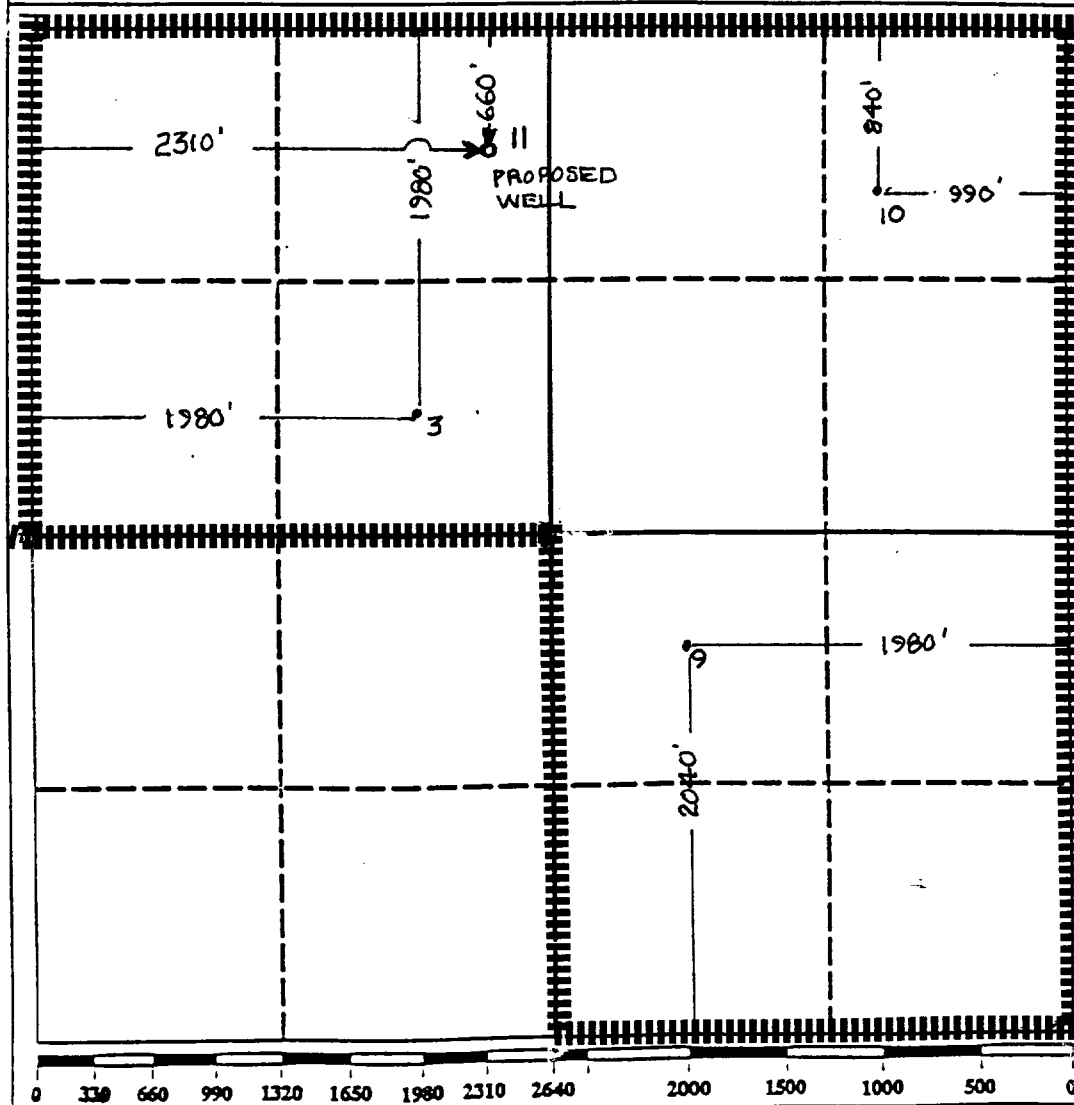
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Chevron U.S.A., Inc.			Lease B. V. Culp (NCT-A) Gas Com		Well No. 11
Unit Letter C	Section 19	Township 19S	Range 37E	County NMPM	Lea
Actual Footage Location of Well: 660 feet from the North line and 2310 feet from the West line					
Ground level Elev.	Producing Formation Eumont Yt 7-Rvrs Qn		Pool Eumont Gas Pool		Dedicated Acreage: 477 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature Alan W. Bohling
Printed Name Alan W. Bohling
Position Proration Engineer
Company Chevron U.S.A., Inc.
Date May 30, 1991

SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed _____

Signature & Seal of
Professional Surveyor

Certificate No. _____



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

GARREY CARRUTHERS
GOVERNOR

November 1, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Attention: A. W. Bohling

Administrative Order NSL-2919(SD)

Dear Mr. Bohling:

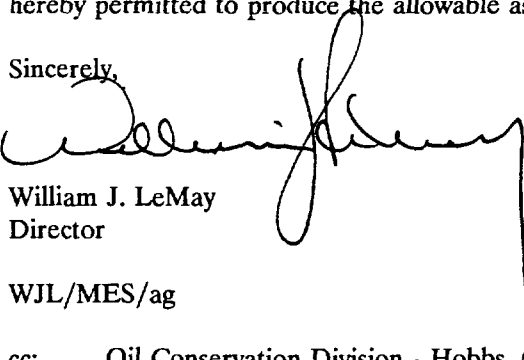
Reference is made to your application dated October 3, 1990 for an unorthodox Eumont gas well location in an existing non-standard 477.14-acre gas spacing and proration unit (GPU) for said Eumont Gas Pool comprising Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order No. R-1487, dated September 14, 1959 and presently has dedicated thereon the B.V. Culp (NCT-A) Well Nos. 3 and 9 located respectively in Units F and J of said Section 19 (simultaneous dedication authorized by Division Order No. R-6482, dated October 20, 1980).

By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170 as amended, the following described well located at an unorthodox gas well location is hereby approved:

*B.V. Culp (NCT-A) Gas Com Well No. 10
840' FNL - 990' FEL (Unit A)*

Also, you are hereby authorized to simultaneously dedicate Eumont Gas production from the B.V. Culp (NCT-A) Gas Com Well No. 10 with the B.V. Culp (NCT-A) Gas Com Well Nos. 3 and 9. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from all of said wells in any proportion.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe

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. 7021
Order No. R-6482

APPLICATION OF GULF OIL CORPORATION
FOR SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 17,
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets..

NDW, on this 20th day of October, 1980, 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, Gulf Oil Corporation, seeks approval
for the simultaneous dedication of a previously approved 477-acre
non-standard gas proration unit comprising the N/2 and SE/4 of
Section 19, Township 19 South, Range 37 East, NMPM, Eumont Gas
Pool, Lea County, New Mexico.
- (3) That the applicant further seeks to simultaneously
dedicate its B. V. Culp (NCT-A) Wells Nos. 3 and 9 located in
Units F and J, respectively, of said Section 19.
- (4) That the above-described wells will better enable
applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed
simultaneous dedication.

(6) 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.

IT IS THEREFORE ORDERED:

(1) That Gulf Oil Corporation is hereby authorized to
simultaneously dedicate its B. V. Culp (NCT-A) Wells Nos. 3 and
9 located in Units F and J, respectively, of Section 19, Town-
ship 19 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County,
New Mexico, to a previously approved 477-acre non-standard gas
proration unit consisting of the N/2 and SE/4 of said Section
19.

(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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

[Signature]
JOE D. RAMEY
Director

S E A L

fd/

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. 1683
Order No. R-1487

APPLICATION OF GULF OIL CORPORA-
TION FOR AN ORDER FORCE-POOLING
THE EUMONT GAS INTERESTS IN THE
N/2 AND THE SE/4 OF SECTION 19,
TOWNSHIP 19 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO, TO FORM
A 477-ACRE NON-STANDARD GAS PRO-
RATION UNIT IN THE EUMONT GAS
POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on August 19, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of September, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, is the operator of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, and is the owner and operator of the B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19.

(3) That the applicant seeks an order force-pooling said N/2 and SE/4 of Section 19 as a 477-acre non-standard Eumont gas proration unit.

(4) That all parties owning working interests in the above-described acreage have agreed to communitization, as have a majority of the parties owning royalty interests and contingent interests.

(5) That the applicant has made diligent efforts to communitize all royalty interests in the above-described 477-acre unit for the Eumont Gas Pool, but has been unable to obtain the consent of all persons owning such royalty interest in said 477-acre unit.

(6) That all parties owning an interest in the above-described acreage were given actual notice of the hearing in this case and that the Commission has received no objection to the approval of the subject application.

(7) That it is impractical to form a standard unit in the Eumont Gas Pool by combining the acreage in question with adjacent acreage because all surrounding property is presently dedicated to other Eumont gas wells.

(8) That accordingly, the enforcement of a uniform spacing pattern would tend to deprive the owners of the tract the opportunity to recover their just and equitable share of Eumont gas underlying the 477-acre tract.

(9) That the most efficient and orderly development of the subject acreage can be accomplished by force-pooling the N/2 and the SE/4 of said Section 19 to form a 477-acre non-standard gas proration unit in the Eumont Gas Pool, and that such an order should be entered.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons, or either of them, from the Eumont Gas Pool underlying the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby pooled, said unit to be dedicated to Gulf Oil Corporation's B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19, and that Gulf Oil Corporation be and the same is hereby designated as the operator of said pooled unit.

(2) That as prescribed in the Gas Pooling Agreement for the B. V. Culp (NCT-A) Eumont Gas Unit No. 1, the production from the above-described pooled 477-acre non-standard unit be allocated to each tract in the unit in the proportion that the acreage interest contained in each of the tracts bears to the entire surface acreage of said unit.

-3-

Case No. 1683

Order No. R-1487

(3) That the allowable assigned to the above-described 477-acre non-standard gas proration unit shall bear the same ratio to a standard allowable in the Eumont Gas Pool as the acreage in said unit bears to the acreage in a standard unit in the Eumont Gas Pool.

(4) That the effective date of this order shall be the first day of the month following the month in which the Commission is notified that the subject well has been brought into balance.

(5) That Administrative Order NSP-256 shall be cancelled as of the effective date of this order.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

lcr/



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

May 30, 1991

Permian Basin Production Business Unit

Waiver Request
Unorthodox Gas Well Location
and Simultaneous Dedication
Eumont Yates 7-Rivers Queen
(Prorated Gas) Pool
660' FNL and 2310' FWL
Section 19, T-19-S, R-37E
Lea County, New Mexico

Amerada Hess Corp.
Entex Bldg.
1200 Milam Street
Houston, TX 77002

Attn: G. B. Miller

Gentlemen:

Attached is a copy of Chevron's administrative application for NMOCD approval of an Unorthodox Gas Well Location and Simultaneous Dedication in the Eumont Yates 7-Rivers Queen (Pro Gas) Pool.

Chevron plans to drill and complete the **B. V. Culp (NCT-A) Gas Com Well No. 11** in the Eumont Gas Pool. The proposed well will be located 660' FNL and 2310' FWL, Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. The existing 477 acre gas com dedicated to Well Nos. 9 and 10 is also planned to be simultaneously dedicated to the proposed well. As a result the proposed location becomes unorthodox.

As an offset operator, if you do not have an objection to the attached application, please sign the enclosed waivers and mail the original and two copies to the NMOCD in Santa Fe, NM and one copy to the NMOCD in Hobbs, NM. We also request that one copy be returned to Chevron U. S. A., Inc. in Midland, TX. We have enclosed addressed, stamped envelopes for your convenience.

If you have any questions, please contact me at (915) 687-7246. Your prompt consideration will be appreciated.

Yours very truly, .

A. W. BOHLING
Proration Engineer

AWB
Enclosures



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

May 30, 1991

Permian Basin Production Business Unit

Waiver Request
Unorthodox Gas Well Location
and Simultaneous Dedication
Eumont Yates 7-Rivers Queen
(Prorated Gas) Pool
660' FNL and 2310' FWL
Section 19, T-19-S, R-37E
Lea County, New Mexico

Conoco Inc.
P. O. Box 1959
Midland, TX 79702

Attn: J. W. Hoover

Gentlemen:

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A. W. BOHLING
Proration Engineer

AWB
Enclosures



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

May 30, 1991

Permian Basin Production Business Unit

**Waiver Request
Unorthodox Gas Well Location
and Simultaneous Dedication
Eumont Yates 7-Rivers Queen
(Prorated Gas) Pool
660' FNL and 2310' FWL
Section 19, T-19-S, R-37E
Lea County, New Mexico**

Lanexco Inc.
P. O. Box 2730
Midland, TX 79702

Attn: T. Phipps

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Alan W. Bohling
A. W. BOHLING
Proration Engineer

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

May 30, 1991

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Waiver Request
Unorthodox Gas Well Location
and Simultaneous Dedication
Eumont Yates 7-Rivers Queen
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660' FNL and 2310' FWL
Section 19, T-19-S, R-37E
Lea County, New Mexico

Phillips Petroleum
4001 Penbrook
Odessa, TX 79762

Attn: D. A. Brown

Gentlemen:

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Yours very truly,

Alan W. Bohling

A. W. BOHLING
Proration Engineer

AWB
Enclosures



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

May 30, 1991

Permian Basin Production Business Unit

Waiver Request
Unorthodox Gas Well Location
and Simultaneous Dedication
Eumont Yates 7-Rivers Queen
(Prorated Gas) Pool
660' FNL and 2310' FWL
Section 19, T-19-S, R-37E
Lea County, New Mexico

Shell Western E & P Co.
P. O. Box 576
Houston, TX 77001

Attn: W. F. N. Kelldorf

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Yours very truly,

Alan W. Bohling

A. W. BOHLING
Proration Engineer

AWB
Enclosures



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

May 30, 1991

Permian Basin Production Business Unit

Waiver Request
Unorthodox Gas Well Location
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Eumont Yates 7-Rivers Queen
(Prorated Gas) Pool
660' FNL and 2310' FWL
Section 19, T-19-S, R-37E
Lea County, New Mexico

Texaco Producing Co.
P. O. Box 728
Hobbs, NM 88240

Attn: J. A. Head

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Alan W. Bohling
A. W. BOHLING
Proration Engineer

AWB
Enclosures

CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

**Application For An Unorthodox
Gas Well Location
and
Simultaneous Dedication of Acreage
Eumont Yates 7-Rivers Queen (Prorated Gas)
660' FNL and 2310' FWL
Section 19, T-19-S, R-37-E
Lea County, New Mexico**

WAIVER TO OBJECTION

We, the undersigned, as an offset operator, waive any objection to Chevron U.S.A., Inc.'s application for NMOCD approval of an Unorthodox Gas Well Location in the Eumont Yates 7-Rivers Queen (Prorated Gas) Pool. This location is to be 660 feet FNL and 2310 feet FWL, Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. We further understand that this well will be simultaneously dedicated to an existing 477-acre gas proration unit along with Chevron's B. V. Culp (NCT-A) Gas Com Well Nos. 9 and 10. This proration unit comprises the N/2 and SE/4 of Section 19, T-19-S, R-37-E, Lea County, New Mexico.

Company: _____
Representative: _____
Signature: _____
Title: _____
Date: _____

OIL CONSERVATION DIVISION
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CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

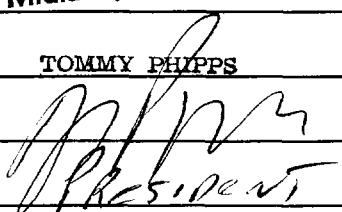
Application For An Unorthodox
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Lea County, New Mexico

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Company: LANEXCO INC.
P. O. Box 2730
Midland, Texas 79702

Representative: TOMMY PHIPPS

Signature: 

Title: PRESIDENT

Date: 6-7-91

FILE CONSERVATION DIVISION
RECEIVED

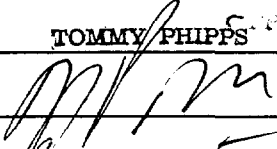
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CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

Application For An Unorthodox
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Simultaneous Dedication of Acreage
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Lea County, New Mexico

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LANEXCO INC.
P. O. Box 2730
Company: Midland, Texas 79702
Representative: TOMMY PHIPPS
Signature: 
Title: President
Date: 6-7-91

191 JUN 10 AM 8 45

CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

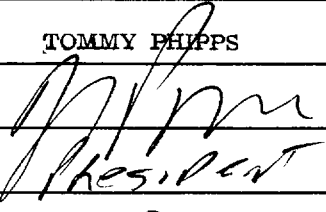
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Section 19, T-19-S, R-37-E
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LANEXCO INC.
P. O. Box 2730
Company: Midland, Texas 79702

Representative: TOMMY PHIPPS

Signature: 

Title: President

Date: 6-7-91

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

June 6, 1991

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

BRUCE KING
GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL *X F. Sims. Ord.*
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Chevron USA Inc. B.V. Culp NCT-A #11C 19-19-37
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Jerry Sexton
Supervisor, District 1

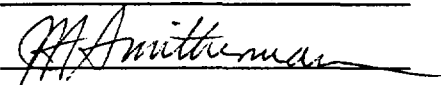
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CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

Application For An Unorthodox
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Simultaneous Dedication of Acreage
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660' FNL and 2310' FWL
Section 19, T-19-S, R-37-E
Lea County, New Mexico

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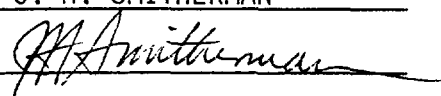
Company: SHELL WESTERN E&P INC.
Representative: J. H. SMITHERMAN
Signature: 
Title: REGULATORY SUPV.
Date: 6/13/91

CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

Application For An Unorthodox
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and
Simultaneous Dedication of Acreage
Eumont Yates 7-Rivers Queen (Prorated Gas)
660' FNL and 2310' FWL
Section 19, T-19-S, R-37-E
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Company: SHELL WESTERN E&P INC.
Representative: J. H. SMITHERMAN
Signature: 
Title: REGULATORY SUPV.
Date: 6/13/91


RECEIVED
N DIVISION
JUN 17 1991

CHEVRON U.S.A., INC.
B. V. Culp (NCT-A) Lease
Gas Com. Well No. 11

Application For An Unorthodox
Gas Well Location
and
Simultaneous Dedication of Acreage
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660' FNL and 2310' FWL
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Company: SHELL WESTERN E&P INC.
Representative: J. H. SMITHERMAN
Signature: 
Title: REGULATORY SUPV.
Date: 6/13/91

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. 1683
Order No. R-1487

APPLICATION OF GULF OIL CORPORA-
TION FOR AN ORDER FORCE-POOLING
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N/2 AND THE SE/4 OF SECTION 19,
TOWNSHIP 19 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO, TO FORM
A 477-ACRE NON-STANDARD GAS PRO-
RATION UNIT IN THE EUMONT GAS
POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on August 19, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of September, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, is the operator of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, and is the owner and operator of the B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19.

(3) That the applicant seeks an order force-pooling said N/2 and SE/4 of Section 19 as a 477-acre non-standard Eumont gas proration unit.

(4) That all parties owning working interests in the above-described acreage have agreed to communitization, as have a majority of the parties owning royalty interests and contingent interests.

(5) That the applicant has made diligent efforts to communitize all royalty interests in the above-described 477-acre unit for the Eumont Gas Pool, but has been unable to obtain the consent of all persons owning such royalty interest in said 477-acre unit.

(6) That all parties owning an interest in the above-described acreage were given actual notice of the hearing in this case and that the Commission has received no objection to the approval of the subject application.

(7) That it is impractical to form a standard unit in the Eumont Gas Pool by combining the acreage in question with adjacent acreage because all surrounding property is presently dedicated to other Eumont gas wells.

(8) That accordingly, the enforcement of a uniform spacing pattern would tend to deprive the owners of the tract the opportunity to recover their just and equitable share of Eumont gas underlying the 477-acre tract.

(9) That the most efficient and orderly development of the subject acreage can be accomplished by force-pooling the N/2 and the SE/4 of said Section 19 to form a 477-acre non-standard gas proration unit in the Eumont Gas Pool, and that such an order should be entered.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons, or either of them, from the Eumont Gas Pool underlying the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby pooled, said unit to be dedicated to Gulf Oil Corporation's B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19, and that Gulf Oil Corporation be and the same is hereby designated as the operator of said pooled unit.

(2) That as prescribed in the Gas Pooling Agreement for the B. V. Culp (NCT-A) Eumont Gas Unit No. 1, the production from the above-described pooled 477-acre non-standard unit be allocated to each tract in the unit in the proportion that the acreage interest contained in each of the tracts bears to the entire surface acreage of said unit.

-3-

Case No. 1683

Order No. R-1487

(3) That the allowable assigned to the above-described 477-acre non-standard gas proration unit shall bear the same ratio to a standard allowable in the Eumont Gas Pool as the acreage in said unit bears to the acreage in a standard unit in the Eumont Gas Pool.

(4) That the effective date of this order shall be the first day of the month following the month in which the Commission is notified that the subject well has been brought into balance.

(5) That Administrative Order NSP-256 shall be cancelled as of the effective date of this order.

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

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

lcr/

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

*her hearing
scheduled 7/25/91*

BRUCE KING
GOVERNOR

June 20, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Attention: A. W. Bohling

RE: Application for an unorthodox gas well location
and simultaneous dedication for the B. V. Culp
(NCT-A) Gas Com Well No. 11, 660' FSL - 2310'
FWL (Unit L) Section 19, Township 19 South,
Range 37 East, NMPM, Eumont Gas Pool, Lea
County, New Mexico.

Dear Mr. Bohling:

The subject application was received in this office on June 3, 1991. On Tuesday, June 18, 1991 an objection was received from Texaco Producing Company to your request (see copy attached).

Since this objection was filed within the allotted time frame permitted under Rule 2(c) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, your application will be placed on the next available docket for the Examiner Hearing scheduled for July 25, 1991. Please provide adequate notice pursuant to Division General Rules 1207(a)2 and 3.

Should you have any questions, please contact me.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
J.A. Head - Texaco Producing Company, Hobbs, NM
William F. Carr - Santa Fe



Texaco USA

PO Box 730
Hobbs NM 88240
505 393 7191

OIL CONSERVATION DIVISION
RECEIVED

'91 JUN 18 AM 8 46

June 17, 1991

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay - Director

Re: Objection to Application
Application of Chevron for Unorthodox Gas Well Location
Eumont Yates 7-Rivers Queen (Prorated Gas) Pool
660' FNL and 2310' FWL Section 19, T-19-S, R-37-E
Lea County, New Mexico

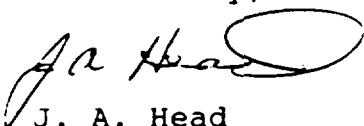
Gentlemen:

As an offset operator to Chevron's B.V. Culp (NCT-A) Gas Com, Texaco objects to their application for an unorthodox gas well location in the Eumont Yates Seven Rivers Queen (Pro Gas) Field. Chevron's proposed location is 660' FNL & 2310' FWL, Unit C, Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

Special Pool Rules and Regulations for the Eumont Gas Pool set forth 320 acres as the maximum amount of acreage to be assigned a gas well located 660' from its nearest boundary. Therefore, assigning 477 acres to the proposed B.V. Culp (NCT-A) Gas Com No. 11, at the location prescribed by Chevron, would violate Texaco's correlative rights.

Texaco's offset Eumont well is the Saunders "K" State Gas Com Well No. 1 located 760' north of the common boundary with Chevron's B.V. Culp (NCT-A) Gas Com proration unit.

Yours Truly,


J. A. Head
Hobbs Area Manager

REH/s

file
chrono

cc: Chevron U.S.A., Inc. - Midland, Texas
William F. Carr - Santa Fe, New Mexico
NMOCD - Hobbs, New Mexico

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:

CASE NO. 9898
ORDER NO. R-9199

THE APPLICATION OF DOYLE HARTMAN
FOR A NON-STANDARD PRORATION UNIT,
SIMULTANEOUS DEDICATION AND
COMPULSORY POOLING FOR THE EUMONT
GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 16, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of June, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Doyle Hartman, seeks approval for a 280-acre non-standard proration unit for the Eumont Gas Pool, comprising the SE/4 and the SE/4 SW/4 of Section 5 and the NE/4 NW/4 and the NE/4 NE/4 of Section 8, both in Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, said proration unit to be simultaneously dedicated to the Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1) located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8, the Britt-Laughlin Com. Well No.

Case No. 9898
Order No. R-9199
Page 2

5 (formerly the Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and a new infill well, the Britt-Laughlin Com. Well No. 6, to be located 1860 feet from the South line and 760 feet from the East line (Unit I) of said Section 5.

(3) The proposed proration unit would serve to combine Eumont acreage currently comprising three non-standard gas spacing units and a 40-acre tract which was severed by Division Order No. R-9145.

- a) R-495, dated July 7, 1954 authorized a 40-acre non-standard gas proration unit comprising the NE/4 NW/4 of said Section 8;
- b) NSP-42, dated December 22, 1954 authorized a 160-acre non-standard gas proration unit comprising the SE/4 of said Section 5; and
- c) NSP-355, dated March 8, 1957 authorized a 40-acre non-standard gas proration unit comprising the SE/4 SW/4 of said Section 5.

(4) The entire proposed proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and can be efficiently and economically developed and exploited by the aforesaid Britt-Laughlin Com. Well Nos. 1, 5 and 6.

(5) The applicant also seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the proposed proration unit and consisting of the aforesaid SE/4 and SE/4 SW/4 of said Section 5 and the NE/4 NW/4 and NE/4 NE/4 of said Section 8.

(6) The applicant, Doyle Hartman, has the right to drill and proposes to drill a new infill well, the Britt-Laughlin Com. Well No. 6, to be located as above described.

(7) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

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Order No. R-9199
Page 3

(8) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(9) The applicant should be designated the operator of the subject wells and unit.

(10) Applicant should be permitted to recover \$188,750.00 as the reasonable and equitable value of the existing wellbore and associated equipment of the Britt-Laughlin Com. Well No. 1 (Unit C, Section 8) as compensation for the applicant's contribution of said well to the proposed proration unit.

(11) In the event the Britt-Laughlin Com. Well Nos. 1 and 6 are incapable of producing the entire allowable assigned to the proposed proration unit, applicant should be permitted to recover the reasonable and equitable value of the existing wellbore and associated equipment of the Britt-Laughlin Com. Well No. 5 (Unit O, Section 5) and the reasonable costs of reworking such well as compensation for applicant's contribution of such well to the proposed proration unit, such value and costs to be determined, in the absence of any voluntary agreement among the working interest owners, by the Division after public notice and hearing.

(12) Any non-consenting working interest owner should be afforded the opportunity to pay his share of the reasonable and equitable value (\$188,750.00) of the existing Britt-Laughlin Com. Well No. 1 (Unit C, Section 8) and the estimated well costs for the new infill well, the Britt-Laughlin Com. Well No. 6 (Unit I, Section 5), to the operator in lieu of paying his share of such value and costs out of unit production.

(13) The applicant requested a 200 percent risk penalty be imposed on the cost of drilling said new infill well.

(14) Based on testimony and evidence presented at the hearing, the requested 200 percent risk penalty is excessive in this instance and should therefore be reduced to reflect a more reasonable risk penalty for an infill well.

Case No. 9898
Order No. R-9199
Page 4

(15) Any non-consenting working interest owner who does not pay his share of estimated well costs for the new infill well should have withheld from production his share of the reasonable well costs plus an additional 100 percent thereof as a reasonable charge for the risk involved in the drilling of such new infill well, also any non-consenting working interest owner who does not pay his share of the reasonable and equitable value of the existing Britt-Laughlin Com Well No. 1 (\$188,750.00) should have his share of said amount withheld from production.

(16) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs for the new infill well, but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(17) Following the determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that the reasonable well costs exceed the estimated well costs or should receive from the operator any amount that their paid estimated well costs exceed the reasonable well costs.

(18) \$5,500.00 per month while drilling the new infill well and \$550.00 per well per month while producing the unit wells should be fixed as reasonable charges for supervision (combined fixed rates). The operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest owner. In addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest owner.

(19) All proceeds from unit production which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(20) Upon the failure of the operator of said pooled unit to commence drilling of the new infill well on said unit on or before November 16, 1990, the provisions of this order which relate to the new infill well should become null and void and of no further effect whatsoever.

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Order No. R-9199
Page 5

(21) Should all the parties to the compulsory pooling reach voluntary agreement subsequent to entry of this order, the pooling provisions of this order should thereafter be of no further effect.

(22) The operator of the wells and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this order.

(23) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject 280-acre non-standard gas proration unit should be assigned an acreage factor of 1.75.

(24) The allowable assigned to the aforesaid proration unit should be permitted to be produced from any well on said unit in any proportion; provided however, the Britt-Laughlin Com. Well No. 5 (Unit O, Section 5) should not be permitted to produce more than a 160-acre non-standard unit allowable, as determined by well tests, if such well is subsequently restored to production.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Eumont Gas Pool, underlying the SE/4 and SE/4 SW/4 of Section 5 and the NE/4 NW/4 and the NE/4 NE/4 of Section 8, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, are hereby pooled to form a non-standard 280-acre gas spacing and proration unit to be simultaneously dedicated to the existing Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1) located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8, the existing Britt-Laughlin Com. Well No. 5 (formerly the Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and the new infill well, the Britt-Laughlin Com. Well No. 6, to be drilled at a point 1860 feet from the South line and 760 feet from the East line (Unit I) of said Section 5.

PROVIDED HOWEVER THAT the operator of said unit shall commence the drilling of said new infill well on or before the 16th day of November, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Eumont Gas Pool.

Case No. 9898
Order No. R-9199
Page 6

PROVIDED FURTHER THAT, in the event the unit operator does not commence the drilling of said new infill well on or before the 16th day of November, 1990, the provisions of this order regarding the pooling of all mineral interests shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Decretory Paragraph No. (1) of this order regarding the pooling of all mineral interests should not be rescinded.

(2) Doyle Hartman is hereby designated the operator of the subject wells and unit.

(3) After the effective date of this order and within 90 days prior to commencing the new infill well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs for the new infill well.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of the reasonable and equitable value (\$188,750.00) of the existing Britt-Laughlin Com Well No. 1 (Unit C, Section 8) and the estimated well costs for the new infill well, the Britt-Laughlin Com Well No. 6 (Unit I, Section 5), to the operator in lieu of paying his share of such value and costs out of unit production, and any such owner who pays his share of such value and costs within such 30 days shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the infill well. If no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

Case No. 9898
Order No. R-9199
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(6) Within 60 days following the determination of the reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs or shall receive from the operator his pro rata share of the amount that the estimated well costs exceed the reasonable well costs.

(7) The operator is hereby authorized to withhold the following costs and charges from unit production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of the estimated well costs of the new infill well (Britt-Laughlin Com. Well No. 6) within 30 days from the date the schedule of estimated well costs is furnished to him;
- (B) As a charge for the risk involved in the drilling of said new infill well, 100 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of the estimated well costs within 30 days from the date the schedule of the estimated well costs is furnished to him;
- (C) The pro rata share of the reasonable and equitable value of the existing Britt-Laughlin Com. Well No. 1 (\$188,750.00) attributable to each non-consenting working interest owner who has not paid his share of said costs within 30 days from the date of this order.

(8) Operator shall distribute said costs and charges withheld from production to parties who advanced the well costs.

Case No. 9898
Order No. R-9199
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(9) \$5,550.00 per month while drilling the new infill well and \$550.00 per well per month while producing the unit wells are hereby set as reasonable charges for supervision (combined fixed rates). The operator is hereby authorized to withhold from unit production the proportionate share of such supervision charges attributable to each non-consenting working interest owner. In addition thereto, the operator is hereby authorized to withhold from unit production the proportionate share of actual expenditures required for operating such wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) In the event the Britt-Laughlin Com. Well Nos. 1 and 6 are incapable of producing the entire allowable assigned to the unit, each working interest owner shall pay to the operator their pro rata share of the reasonable and equitable value of the existing wellbore and associated equipment of the Britt-Laughlin Com. Well No. 5 (Unit O, Section 5) and the reasonable costs of reworking such well. In the absence of a voluntary agreement among the working interest owners, such value and costs shall be determined by the Division after notice and hearing.

(11) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(12) Any well costs or charges which are to be paid out of production pursuant to this order shall be withheld only from the working interest owner's share of production, and no such costs or charges to be paid out of production pursuant to this order shall be withheld from production attributable to any royalty interest.

(13) All proceeds from unit production which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico to be paid to the true owner thereof upon demand and proof of ownership, and the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of the first escrow deposit.

(14) Should all the parties to the compulsory pooling reach voluntary agreement subsequent to entry of this order, the pooling provisions of this order shall thereafter be of no further effect.

Case No. 9898
Order No. R-9199
Page 9

(15) The operator of the subject wells shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties to the compulsory pooling provisions of this order.

(16) The 280-acre non-standard gas proration unit herein authorized shall receive an acreage factor in the Eumont Gas Pool of 1.75 for allowable purposes to be produced from any well on said unit in any proportion; provided however, that the Britt-Laughlin Com. Well No. 5, located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, shall not be permitted to produce more than a 160-acre allowable for the Eumont Gas Pool, as determined by well tests, if such well is subsequently restored to production.

(17) Division Orders R-495, NSP-42 and NSP-355 are hereby superseded by this order.

(18) 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


WILLIAM J. LEMAY
Director

SEAL

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. 1683
Order No. R-1487

APPLICATION OF GULF OIL CORPORA-
TION FOR AN ORDER FORCE-POOLING
THE EUMONT GAS INTERESTS IN THE
N/2 AND THE SE/4 OF SECTION 19,
TOWNSHIP 19 SOUTH, RANGE 37 EAST, -
LEA COUNTY, NEW MEXICO, TO FORM
A 477-ACRE NON-STANDARD GAS PRO-
PORTION UNIT IN THE EUMONT GAS
POOL

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on August 19, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of September, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, is the operator of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, and is the owner and operator of the B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19.

(3) That the applicant seeks an order force-pooling said N/2 and SE/4 of Section 19 as a 477-acre non-standard Eumont gas proration unit.

(4) That all parties owning working interests in the above-described acreage have agreed to communitization, as have a majority of the parties owning royalty interests and contingent interests.

(5) That the applicant has made diligent efforts to communitize all royalty interests in the above-described 477-acre unit for the Eumont Gas Pool, but has been unable to obtain the consent of all persons owning such royalty interest in said 477-acre unit.

(6) That all parties owning an interest in the above-described acreage were given actual notice of the hearing in this case and that the Commission has received no objection to the approval of the subject application.

(7) That it is impractical to form a standard unit in the Eumont Gas Pool by combining the acreage in question with adjacent acreage because all surrounding property is presently dedicated to other Eumont gas wells.

(8) That accordingly, the enforcement of a uniform spacing pattern would tend to deprive the owners of the tract the opportunity to recover their just and equitable share of Eumont gas underlying the 477-acre tract.

(9) That the most efficient and orderly development of the subject acreage can be accomplished by force-pooling the N/2 and the SE/4 of said Section 19 to form a 477-acre non-standard gas proration unit in the Eumont Gas Pool, and that such an order should be entered.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons, or either of them, from the Eumont Gas Pool underlying the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby pooled, said unit to be dedicated to Gulf Oil Corporation's B. V. Culp "A" Well No. 3, located in the SE/4 NW/4 of said Section 19, and that Gulf Oil Corporation be and the same is hereby designated as the operator of said pooled unit.

(2) That as prescribed in the Gas Pooling Agreement for the B. V. Culp (NCT-A) Eumont Gas Unit No. 1, the production from the above-described pooled 477-acre non-standard unit be allocated to each tract in the unit in the proportion that the acreage interest contained in each of the tracts bears to the entire surface acreage of said unit.

-3-

Case No. 1683

Order No. R-1487

(3) That the allowable assigned to the above-described 477-acre non-standard gas proration unit shall bear the same ratio to a standard allowable in the Eumont Gas Pool as the acreage in said unit bears to the acreage in a standard unit in the Eumont Gas Pool.

(4) That the effective date of this order shall be the first day of the month following the month in which the Commission is notified that the subject well has been brought into balance.

(5) That Administrative Order NSP-256 shall be cancelled as of the effective date of this order.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

lcr/

RULE 2(a). A standard GPU in the Crosby-Devonian Gas Pool shall be 160 acres.

RULE 2(b). Each well completed or recompleted in the Crosby-Devonian Gas Pool shall be located no closer than 660 feet to any outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Crosby-Devonian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
EUMONT GAS POOL

The Eumont Gas Pool, Lea County, New Mexico, was created February 17, 1953, and gas proration in this pool became effective January 1, 1954. The Eumont Gas Pool now includes portions of the acreage once included in the Jalco and Langmat Pools (now Jalmat) and all of the acreage formerly in the Arrow and Hardy Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Eumont Gas Pool shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers, and Queen formations.

A GAS WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Eumont Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a) 1. A standard gas proration unit in the Eumont Gas Pool shall be 640 acres.

2. A standard oil proration unit in the Eumont Gas Pool shall be 40 acres.

RULE 2(b) 1. A gas well in the Eumont Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section or subdivision boundary line.

2. An oil well in the Eumont Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Eumont Gas Pool prior to August 12, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines.)

RULE 2(b) 4. In establishing a non-standard gas proration unit in the Eumont Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

<u>LOCATION</u>	<u>MAXIMUM ACREAGE</u>
660-660	160 acres
660-990	320 acres
990-990	600 acres

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Eumont Gas Pool.

(a) A 640 acre proration unit in the Eumont Gas Pool shall be assigned an Acreage Factor of 4.00; a 160 acre proration unit an Acreage Factor of 1.00, etc.

I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Eumont Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

SPECIAL RULES AND REGULATIONS FOR THE

RULE 2(a). A standard GPU in the Crosby-Devonian Gas Pool shall be 160 acres.

RULE 2(b). Each well completed or recompleted in the Crosby-Devonian Gas Pool shall be located no closer than 660 feet to any outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Crosby-Devonian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
EUMONT GAS POOL

The Eumont Gas Pool, Lea County, New Mexico, was created February 17, 1953, and gas proration in this pool became effective January 1, 1954. The Eumont Gas Pool now includes portions of the acreage once included in the Jalco and Langmat Pools (now Jalmat) and all of the acreage formerly in the Arrow and Hardy Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Eumont Gas Pool shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers, and Queen formations.

A GAS WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Eumont Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a) 1. A standard gas proration unit in the Eumont Gas Pool shall be 640 acres.

2. A standard oil proration unit in the Eumont Gas Pool shall be 40 acres.

RULE 2(b) 1. A gas well in the Eumont Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section or subdivision boundary line.

2. An oil well in the Eumont Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Eumont Gas Pool prior to August 12, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines.)

RULE 2(b) 4. In establishing a non-standard gas proration unit in the Eumont Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

<u>LOCATION</u>	<u>MAXIMUM ACREAGE</u>
660-660	160 acres
660-990	320 acres
990-990	600 acres

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Eumont Gas Pool.

(a) A 640 acre proration unit in the Eumont Gas Pool shall be assigned an Acreage Factor of 4.00; a 160 acre proration unit an Acreage Factor of 1.00, etc.

I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Eumont Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

SPECIAL RULES AND REGULATIONS FOR THE

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:

CASE NO. 9898
ORDER NO. R-9199

THE APPLICATION OF DOYLE HARTMAN
FOR A NON-STANDARD PRORATION UNIT,
SIMULTANEOUS DEDICATION AND
COMPULSORY POOLING FOR THE EUMONT
GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 16, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of June, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Doyle Hartman, seeks approval for a 280-acre non-standard proration unit for the Eumont Gas Pool, comprising the SE/4 and the SE/4 SW/4 of Section 5 and the NE/4 NW/4 and the NE/4 NE/4 of Section 8, both in Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, said proration unit to be simultaneously dedicated to the Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1) located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8, the Britt-Laughlin Com. Well No.

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5 (formerly the Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and a new infill well, the Britt-Laughlin Com. Well No. 6, to be located 1860 feet from the South line and 760 feet from the East line (Unit I) of said Section 5.

(3) The proposed proration unit would serve to combine Eumont acreage currently comprising three non-standard gas spacing units and a 40-acre tract which was severed by Division Order No. R-9145.

- a) R-495, dated July 7, 1954 authorized a 40-acre non-standard gas proration unit comprising the NE/4 NW/4 of said Section 8;
- b) NSP-42, dated December 22, 1954 authorized a 160-acre non-standard gas proration unit comprising the SE/4 of said Section 5; and
- c) NSP-355, dated March 8, 1957 authorized a 40-acre non-standard gas proration unit comprising the SE/4 SW/4 of said Section 5.

(4) The entire proposed proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and can be efficiently and economically developed and exploited by the aforesaid Britt-Laughlin Com. Well Nos. 1, 5 and 6.

(5) The applicant also seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the proposed proration unit and consisting of the aforesaid SE/4 and SE/4 SW/4 of said Section 5 and the NE/4 NW/4 and NE/4 NE/4 of said Section 8.

(6) The applicant, Doyle Hartman, has the right to drill and proposes to drill a new infill well, the Britt-Laughlin Com. Well No. 6, to be located as above described.

(7) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

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(8) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(9) The applicant should be designated the operator of the subject wells and unit.

(10) Applicant should be permitted to recover \$188,750.00 as the reasonable and equitable value of the existing wellbore and associated equipment of the Britt-Laughlin Com. Well No. 1 (Unit C, Section 8) as compensation for the applicant's contribution of said well to the proposed proration unit.

(11) In the event the Britt-Laughlin Com. Well Nos. 1 and 6 are incapable of producing the entire allowable assigned to the proposed proration unit, applicant should be permitted to recover the reasonable and equitable value of the existing wellbore and associated equipment of the Britt-Laughlin Com. Well No. 5 (Unit O, Section 5) and the reasonable costs of reworking such well as compensation for applicant's contribution of such well to the proposed proration unit, such value and costs to be determined, in the absence of any voluntary agreement among the working interest owners, by the Division after public notice and hearing.

(12) Any non-consenting working interest owner should be afforded the opportunity to pay his share of the reasonable and equitable value (\$188,750.00) of the existing Britt-Laughlin Com. Well No. 1 (Unit C, Section 8) and the estimated well costs for the new infill well, the Britt-Laughlin Com. Well No. 6 (Unit I, Section 5), to the operator in lieu of paying his share of such value and costs out of unit production.

(13) The applicant requested a 200 percent risk penalty be imposed on the cost of drilling said new infill well.

(14) Based on testimony and evidence presented at the hearing, the requested 200 percent risk penalty is excessive in this instance and should therefore be reduced to reflect a more reasonable risk penalty for an infill well.

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(15) Any non-consenting working interest owner who does not pay his share of estimated well costs for the new infill well should have withheld from production his share of the reasonable well costs plus an additional 100 percent thereof as a reasonable charge for the risk involved in the drilling of such new infill well, also any non-consenting working interest owner who does not pay his share of the reasonable and equitable value of the existing Britt-Laughlin Com Well No. 1 (\$188,750.00) should have his share of said amount withheld from production.

(16) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs for the new infill well, but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(17) Following the determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that the reasonable well costs exceed the estimated well costs or should receive from the operator any amount that their paid estimated well costs exceed the reasonable well costs.

(18) \$5,500.00 per month while drilling the new infill well and \$550.00 per well per month while producing the unit wells should be fixed as reasonable charges for supervision (combined fixed rates). The operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest owner. In addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest owner.

(19) All proceeds from unit production which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(20) Upon the failure of the operator of said pooled unit to commence drilling of the new infill well on said unit on or before November 16, 1990, the provisions of this order which relate to the new infill well should become null and void and of no further effect whatsoever.

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(21) Should all the parties to the compulsory pooling reach voluntary agreement subsequent to entry of this order, the pooling provisions of this order should thereafter be of no further effect.

(22) The operator of the wells and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this order.

(23) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject 280-acre non-standard gas proration unit should be assigned an acreage factor of 1.75.

(24) The allowable assigned to the aforesaid proration unit should be permitted to be produced from any well on said unit in any proportion; provided however, the Britt-Laughlin Com. Well No. 5 (Unit O, Section 5) should not be permitted to produce more than a 160-acre non-standard unit allowable, as determined by well tests, if such well is subsequently restored to production.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Eumont Gas Pool, underlying the SE/4 and SE/4 SW/4 of Section 5 and the NE/4 NW/4 and the NE/4 NE/4 of Section 8, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, are hereby pooled to form a non-standard 280-acre gas spacing and proration unit to be simultaneously dedicated to the existing Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1) located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8, the existing Britt-Laughlin Com. Well No. 5 (formerly the Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and the new infill well, the Britt-Laughlin Com. Well No. 6, to be drilled at a point 1860 feet from the South line and 760 feet from the East line (Unit I) of said Section 5.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said new infill well on or before the 16th day of November, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Eumont Gas Pool.

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PROVIDED FURTHER THAT, in the event the unit operator does not commence the drilling of said new infill well on or before the 16th day of November, 1990, the provisions of this order regarding the pooling of all mineral interests shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Decretory Paragraph No. (1) of this order regarding the pooling of all mineral interests should not be rescinded.

(2) Doyle Hartman is hereby designated the operator of the subject wells and unit.

(3) After the effective date of this order and within 90 days prior to commencing the new infill well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs for the new infill well.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of the reasonable and equitable value (\$188,750.00) of the existing Britt-Laughlin Com Well No. 1 (Unit C, Section 8) and the estimated well costs for the new infill well, the Britt-Laughlin Com Well No. 6 (Unit I, Section 5), to the operator in lieu of paying his share of such value and costs out of unit production, and any such owner who pays his share of such value and costs within such 30 days shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the infill well. If no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

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(6) Within 60 days following the determination of the reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs or shall receive from the operator his pro rata share of the amount that the estimated well costs exceed the reasonable well costs.

(7) The operator is hereby authorized to withhold the following costs and charges from unit production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of the estimated well costs of the new infill well (Britt-Laughlin Com. Well No. 6) within 30 days from the date the schedule of estimated well costs is furnished to him;
- (B) As a charge for the risk involved in the drilling of said new infill well, 100 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of the estimated well costs within 30 days from the date the schedule of the estimated well costs is furnished to him;
- (C) The pro rata share of the reasonable and equitable value of the existing Britt-Laughlin Com. Well No. 1 (\$188,750.00) attributable to each non-consenting working interest owner who has not paid his share of said costs within 30 days from the date of this order.

(8) Operator shall distribute said costs and charges withheld from production to parties who advanced the well costs.

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(9) \$5,550.00 per month while drilling the new infill well and \$550.00 per well per month while producing the unit wells are hereby set as reasonable charges for supervision (combined fixed rates). The operator is hereby authorized to withhold from unit production the proportionate share of such supervision charges attributable to each non-consenting working interest owner. In addition thereto, the operator is hereby authorized to withhold from unit production the proportionate share of actual expenditures required for operating such wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) In the event the Britt-Laughlin Com. Well Nos. 1 and 6 are incapable of producing the entire allowable assigned to the unit, each working interest owner shall pay to the operator their pro rata share of the reasonable and equitable value of the existing wellbore and associated equipment of the Britt-Laughlin Com. Well No. 5 (Unit O, Section 5) and the reasonable costs of reworking such well. In the absence of a voluntary agreement among the working interest owners, such value and costs shall be determined by the Division after notice and hearing.

(11) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(12) Any well costs or charges which are to be paid out of production pursuant to this order shall be withheld only from the working interest owner's share of production, and no such costs or charges to be paid out of production pursuant to this order shall be withheld from production attributable to any royalty interest.

(13) All proceeds from unit production which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico to be paid to the true owner thereof upon demand and proof of ownership, and the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of the first escrow deposit.

(14) Should all the parties to the compulsory pooling reach voluntary agreement subsequent to entry of this order, the pooling provisions of this order shall thereafter be of no further effect.

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(15) The operator of the subject wells shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties to the compulsory pooling provisions of this order.

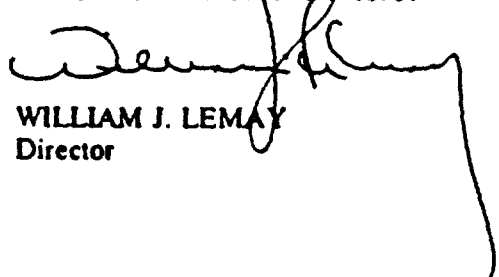
(16) The 280-acre non-standard gas proration unit herein authorized shall receive an acreage factor in the Eumont Gas Pool of 1.75 for allowable purposes to be produced from any well on said unit in any proportion; provided however, that the Britt-Laughlin Com. Well No. 5, located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, shall not be permitted to produce more than a 160-acre allowable for the Eumont Gas Pool, as determined by well tests, if such well is subsequently restored to production.

(17) Division Orders R-495, NSP-42 and NSP-355 are hereby superseded by this order.

(18) 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


WILLIAM J. LEMAY
Director

SEAL