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W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

February 20, 1991

Mr. Michael E. Stogner
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

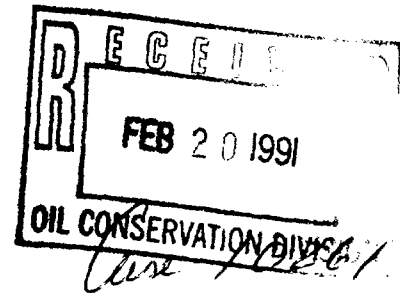
Re: Chevron U.S.A., Inc.
Arrowhead Grayburg Pool
Nomenclature Case

Dear Mr. Stogner:

On February 11, 1991, on behalf of Chevron U.S.A., Inc., I filed the referenced application which has been set for hearing on March 7, 1991.

Since filing, the OCD District Office has suggested certain minor changes in the nomenclature. I have enclosed a First Amended Application to conform to those suggestions. On a second copy of the Amended application, I have highlighted in yellow the changes between the two applications.

It appears to me that the changes are not sufficient to require readvertisement nor supplemental notice to any potential party. I would think that any party already on notice of these three cases including this nomenclature case would appear or not appear based upon the substance of the cases and not on these changes in nomenclature.



Mr. Michael E. Stogner
February 20, 1991
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Accordingly, unless the Division directs otherwise, we consider the existing notice to be adequate and will not undertake the expense of a supplemental notice.

Best regards,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', with a stylized, flowing script.

W. Thomas Kellahin

WTK/tic
Enclosures

cc: Bryan Cotner
Chevron U.S.A., Inc.
Post Office Box 1150
Midland, Texas 79702

COPY

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. 10261

APPLICATION OF CHEVRON U.S.A., INC.,
FOR POOL EXPANSION AND POOL CONTRACTION,
LEA COUNTY, NEW MEXICO

FIRST AMENDED
A P P L I C A T I O N

CHEVRON U.S.A., INC., by and through its attorneys,
KELLAHIN, KELLAHIN & AUBREY, hereby applies to the New
Mexico Oil Conservation Division for pool expansion and pool
contraction, Lea County, New Mexico as follows:

1. Chevron as operator of the Arrowhead Grayburg
Unit, seeks the expansion of the Arrowhead Grayburg Pool to
include the vertical limit described as the top of the
Grayburg formation or -150 feet below sea level, whichever
is shallower, to -1500 feet below sea level for the
following described in Exhibit "A", except for the NW/4NW/4
of Section 17, the SE/4 of Section 18 and the N/2N/2 of

Section 19 in T22S, R37E and the NE/4NE/4 of Section 14, T22S, R36E which shall have a lower vertical limit as being the top of the San Andres formation.

2. Various portions of both the vertical and horizontal limits of the proposed amended Arrowhead Grayburg Pool are currently dedicated to existing pools as shown on Exhibit "B".

3. The expansion and contraction of the Arrowhead Grayburg Pool and the corresponding contraction of portions of certain existing pools is necessary to permit the applicant to successfully carry out secondary recovery operations within the full oil column underlying said unit and said unit area.

4. In order to provide for the adjustment of the Arrowhead Grayburg Pool the following changes are requested to existing pools:

(a) Contract and expand horizontal limits of Arrowhead Grayburg Pool to include the unit area and the NE/4NE/4 of Section 14, T22S, R36E and the NW/4NW/4 of Section 17, T22S, R37E by:

(1) Adding:

T21S, R36E
Section 25: E/2
Section 36: NE/4NE/4

T22S, R37E
Section 18: SE/4
Section 19: N/2N/2

(2) Deleting:

T21S, R36E
Section 26: W/2; NE/4; W/2SE/4;
NE/4SE/4
Section 34: E/2
Section 35: N/2NW/4; SW/4NW/4; NW/4SW/4

T22S, R36E
Section 3: E/2
Section 11: W/2NW/4; SE/4NW/4; W/2SE/4;
SE/4SE/4
Section 13: S/2SW/4; NW/4SW/4; SW/4NW/4
Section 14: SE/4; W/2NE/4; SE/4NE/4
Section 24: S/2; NW/4; NW/4NE/4;
S/2NE/4

T22S, R37E
Section 7: NE/4SE/4
Section 6: E/2NW/4

(b) Contract horizontal limits of Langlie Mattix
Pool by deleting the following acreage from that pool:

T22S, R37E
Section 19: N/2N/2
Section 18: SE/4

(c) Contract horizontal limits of Penrose Skelly
Pool by deleting following acreage from that pool:

T21S, R36E
Section 25: NE/4; E/2SE/4

(d) Contract lower vertical limits of Eumont Pool (Yates-Seven Rivers, Queen) from the top of the Grayburg or -150 feet below sea level, whichever is shallower, in the following areas:

T21S, R36E

Section 25: All
Section 26: SE/4SE/4
Section 35: E/2; SE/4NW/4; E/2SW/4; SW/4SW/4
Section 36: All

T22S, R36E

Sections 1 & 2: All
Section 12: All
Section 13: E/2; N/2NW/4; SE/4NW/4;
NE/4SW/4

T22S, R37E

Section 6: W/2W/2; E/2SW/4
Section 7: W/2; W/2SE/4; SE/4SE/4
Section 18: All

5. Notice of this Application has been sent in accordance with Division notice rules as set forth on Exhibit "C" attached hereto.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: _____

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

ATTORNEYS FOR CHEVRON U.S.A., INC.

EXHIBIT "A"

T21S, R36E

Section 25: All
Section 26: SE/4SE/4
Section 35: E/2; E/2SW/4; SW/4SW/4; SE/4NW/4
Section 36: All

T22S, R36E

Section 1: All
Section 2: All
Section 11: NE/4NW/4; NE/4; NE/4SE/4
Section 12: All
Section 13: E/2; E/2NW/4; NW/4NW/4; NE/4SW/4
Section 14: NE/4NE/4
Section 24: NE/4NE/4

T22S, R37E

Section 6: W/2NW/4; SW/4
Section 7: W/2; S/2SE/4; NW/4SE/4
Section 17: NW/4NW/4
Section 18: All
Section 19: N/2N/2

POOL LIMITS ARROWHEAD STUDY AREA

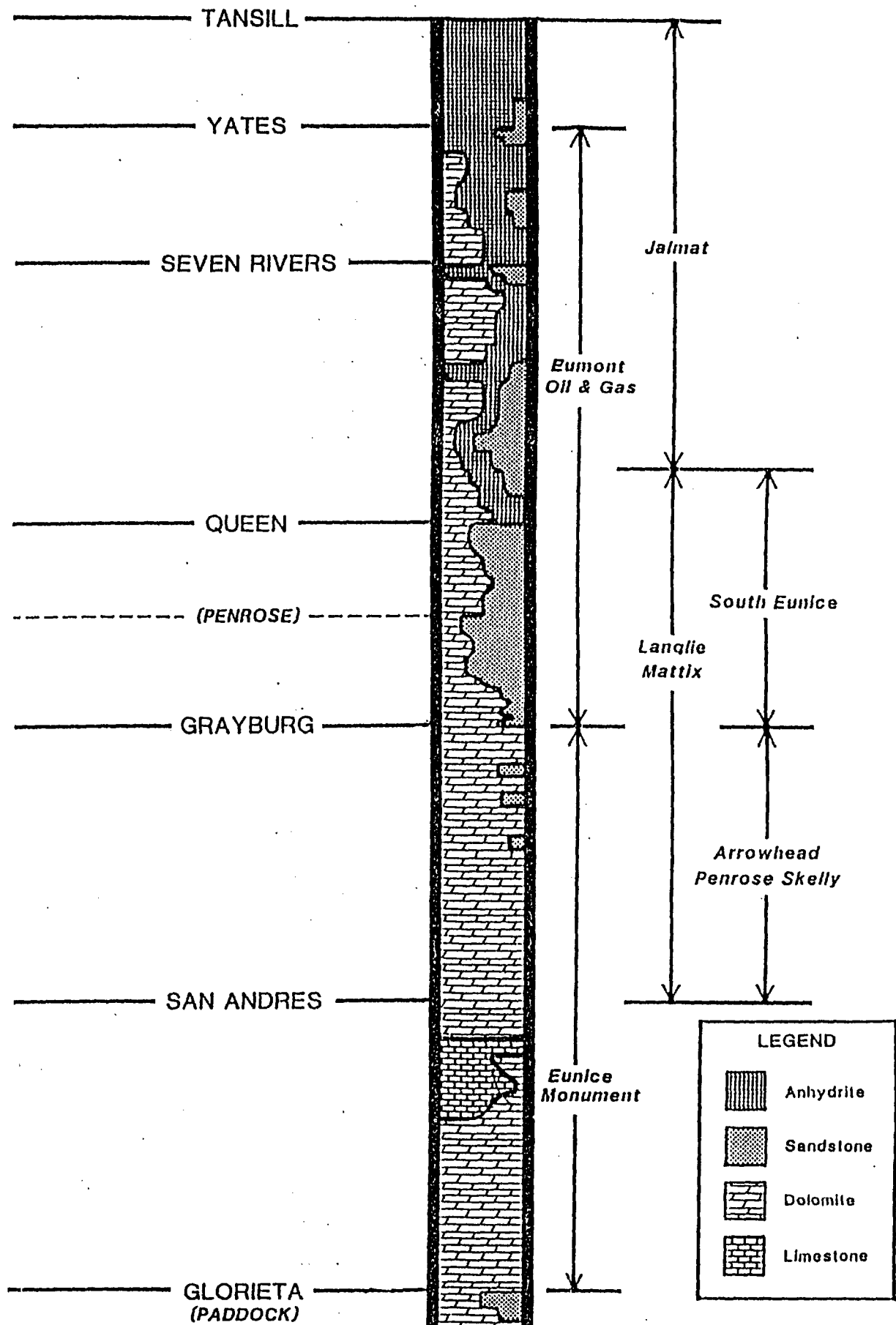


Fig. 5

STATE OF NEW MEXICO
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OIL CONSERVATION DIVISION

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Section 36: All

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Section 1: All
Section 2: All
Section 11: NE/4NW/4; NE/4; NE/4SE/4
Section 12: All
Section 13: E/2; E/2NW/4; NW/4NW/4; NE/4SW/4
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POOL LIMITS
ARROWHEAD STUDY AREA

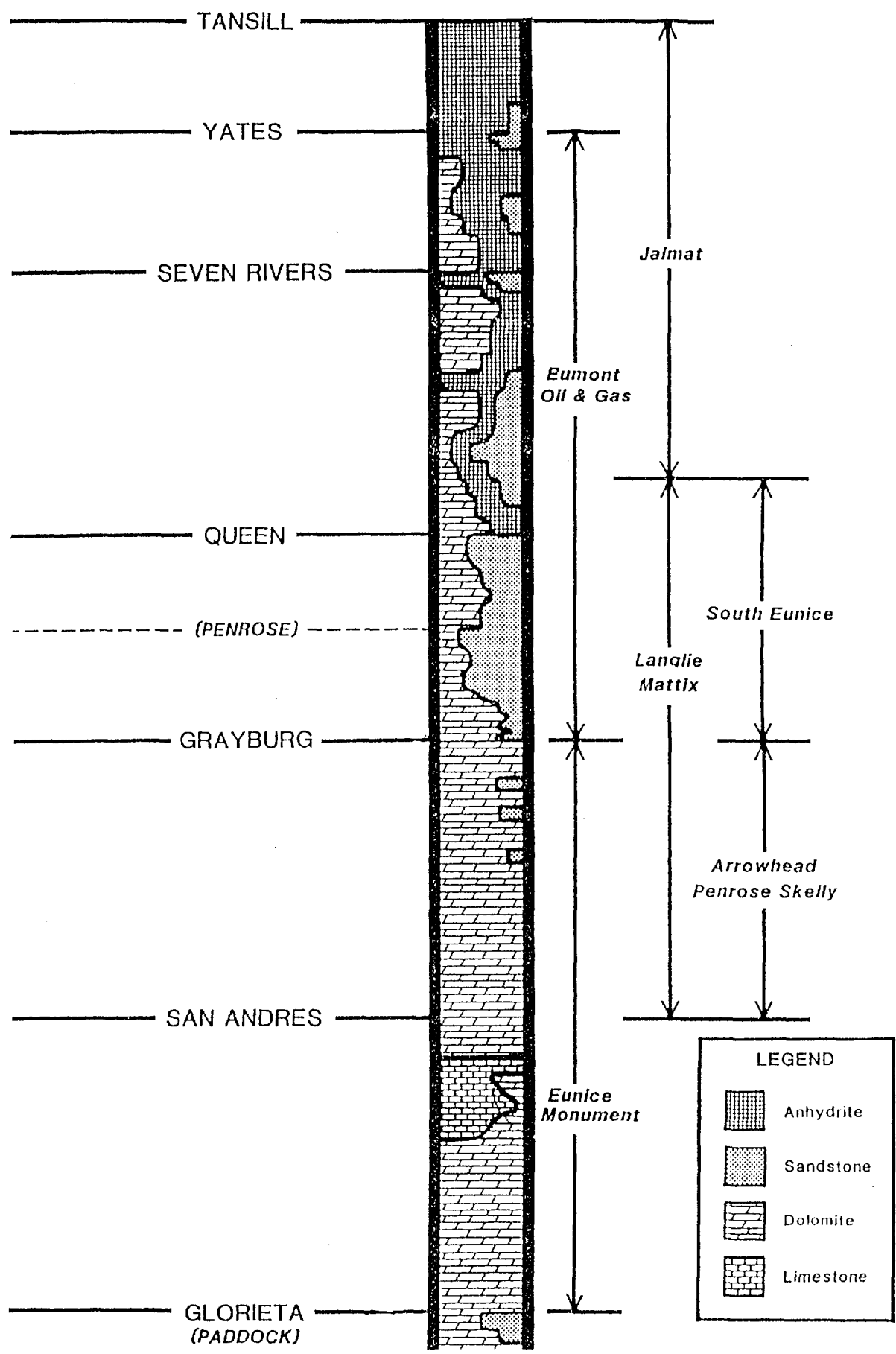


Fig. 5