

Case No. 1076

Order No. R-10009

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(4) Testimony presented at the hearing and Division records indicate that a portion of the subject acreage has previously been utilized for a 120-acre non-standard Eumont gas spacing and proration unit comprising S/2 NE/4 and NW/4 SE/4 in which was dedicated the Two States Oil Company McQuatters Well No. 1, located at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 11, said unit approved by Division Administrative Order NSP-154, dated June 15, 1955. This unit ceased to exist in 1987 when the Eumont perforations were abandoned and the well was recompleted in the Eunice Monument Grayburg San Andres Pool and transferred to Chevron U.S.A., Inc. for use in its Eunice Monument South Unit Waterflood Project as a water injection well. There is no indication that the 40-acre tract comprising the SE/4 NW/4 was ever dedicated to a Eumont Gas proration unit.

(5) The applicant is now the current leasehold owner of the Eumont rights underlying the subject 160 acres and proposes to drill its McQuatters Well No. 1 to produce the remaining gas reserves in the Eumont Gas Pool underlying the proposed 160-acre unit.

(6) The remaining acreage in Section 11 is currently being utilized in five existing non-standard Eumont Gas proration units:

- the 80 acres comprising the N/2 NE/4, approved by Division Administrative Order NSP-106, dated March 16, 1955 and amended October 27, 1989, are currently dedicated to John H. Hendrix Corporation's McQuatters Well No. 1, located at an unorthodox gas well location 860 feet from the North line and 2100 feet from the East line (Unit B);
- the 80 acres comprising the N/2 NW/4 are incorporated into a 320-acre non-standard gas spacing and proration unit that includes Lots 13 and 14 and the SW/4 of the adjacent Section 2 to the north, approved by Division Order No. R-1227, dated August 6, 1958, and has currently dedicated to it the Chevron U.S.A., Inc. J. F. Janda (NCT-D) Com Well Nos. 1 and 4, both located at standard gas well locations in Units "T" and "M", respectively, of said Section 2 (see also Division Administrative Order SD-92-12, dated December 15, 1992, as corrected October 13, 1993);
- the 200 acres comprising the SW/4 NW/4 and the SW/4, approved by Division Administrative Order NSP-504, September 14, 1959, and reconfirmed by Division Administrative Order NSL-2153, dated September 27, 1985 and May 13, 1986, are currently dedicated to the Conoco, Inc. State "D" Well No. 16, located at an unorthodox gas well location 2080 feet from the South line and 660 feet from the West line (Unit L);