

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. 11947
ORDER NO. R-10736-A*

**APPLICATION OF EXXON CORPORATION FOR A COOPERATIVE
LEASEHOLD WATERFLOOD PROJECT AND QUALIFICATION FOR THE
RECOVERED OIL TAX CREDIT PURSUANT TO THE "NEW MEXICO OIL
RECOVERY ACT," LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 19, 1998 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of May, 1998, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised,

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) By Division Order No. R-10736, issued in Case 11665 and dated January 15, 1997, Exxon Corporation ("Exxon") was authorized to institute a cooperative leasehold waterflood project within a 640-acre area comprising all of Section 10, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, hereinafter referred to as the "*Knox-Adkins Cooperative Leasehold Waterflood Project*," by the re-injection of produced water into the Oil Center-Blinbry Pool through selected perforated intervals from approximately 5,800 feet to 6,000 feet in the following two wells:

(a) the A. J. Adkins Well No. 11 to be drilled in the SE/4 NW/4 (Unit F) of said Section 10; and,

(b) the J. D. Knox Well No. 13 or No. 14, whichever is applicable, said injection well to be drilled in the NW/4 SE/4 (Unit J) of said Section 10.

(3) Order No. R-10736 also approved the Knox-Adkins Cooperative Leasehold Waterflood Project as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(4) Contained in said Order No. R-10736 is a standard provision which terminates injection authority one year after the effective date of the order if: (i) the operator has not commenced injection operations into the subject well(s) or (ii) the Division has not granted a time extension upon written request by the operator for good cause shown [see Ordering Paragraph No. (15) on page 6 of Order No. R-10736].

(5) Exxon appeared at the March 19, 1998 hearing through legal counsel and reported that Exxon had complied with most of the provisions of Order No. R-10736, including the drilling and completion of the following two water injection wells:

(a) the A. J. Adkins Well No. 11 (**API No. 30-025-33777**) located 1500 feet from the North line and 2266 feet from the West line (Unit F) of Section 10; and,

(b) the J. D. Knox Well No. 13 (**API No. 30-025-33778**) located 2337 feet from the South line and 1543 feet from the East line (Unit J) of Section 10.

(6) Exxon, however, failed to commence water injection into the Knox-Adkins Cooperative Leasehold Waterflood Project by January 15, 1998 or request a time extension.

(7) Injection authority for the two subject wells granted by Order No. R-10736 terminated on January 15, 1998.

(8) At this time Exxon, in reapplying for approval of its Knox-Adkins Cooperative Leasehold Waterflood Project and approval of the project as an "Enhanced Oil Recovery Project" pursuant to the Enhanced Oil Recovery Act, is seeking to reinstate Order No. R-10736 in its entirety.

(9) Since no changes have occurred in the ownership of the area affected by this

project since Division Case No. 11665 was originally heard. Exxon's request to renew the provisions of the order should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Ordering Paragraph (1) of Order No. R-10736, issued in Case 11665 and dated January 15, 1997, is hereby amended to read as follows:

“ (1) The applicant, Exxon Corporation ("Exxon"), is hereby authorized to institute a cooperative leasehold waterflood project within a 640-acre area comprising all of Section 10, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, by the re-injection of produced water into the Oil Center-Blinebry Pool through selected perforated intervals from approximately 5,800 feet to 6,000 feet in the following two wells:

(a) the A. J. Adkins Well No. 11 (**API No. 30-025-33777**) located 1500 feet from the North line and 2266 feet from the West line (Unit F) of Section 10; and,

(b) the J. D. Knox Well No. 13 (**API No. 30-025-33778**) located 2337 feet from the South line and 1543 feet from the East line (Unit J) of Section 10.”

(2) Ordering Paragraph (15) of Order No. R-10736, issued in Case 11665 and dated January 15, 1997, is hereby amended to read as follows:

“ (15) The injection authority granted for the injection wells shall terminate on April 30, 1999 if the operator has not commenced injection operations into the wells, provided however, the Division, upon written request by the operator, may grant an extension for good cause shown.”

(3) All other provisions of said Order No. R-10198 shall remain in full force and effect until further notice.

(4) 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


LORI WROTENBERY
Director

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