

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. 9460
Order No. R-8736

APPLICATION OF EXXON COMPANY,
USA, FOR AN UNORTHODOX OIL WELL
LOCATION, DIRECTIONAL DRILLING,
AND SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 17, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of September, 1988, 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) Division Case Nos. 9459 and 9460 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Exxon Company, USA, seeks authority to directionally drill its New Mexico "K" State Well No. 34 from a surface location 1286 feet from the South line and 1333 feet from the West line (Unit N) of Section 28, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, wherein the applicant proposes to deviate said well to the Vacuum-Glorieta Pool within a window bounded by lines 1330

feet and 1470 feet from the South line and 1170 feet and 1310 feet from the West line (Unit L) of said Section 28, being an unorthodox oil well location.

(4) The applicant further proposes to simultaneously dedicate the NW/4 SW/4 of said Section 28 to the proposed well and to its existing New Mexico "K" State Well No. 31 located at a standard oil well location 2310 feet from the South line and 330 feet from the West line (Unit L) of said Section 28.

(5) Geologic and engineering testimony presented by the applicant at the hearing indicate that the Vacuum-Glorieta Pool is a water drive reservoir and further that water encroachment is approaching the NW/4 SW/4 of said Section 28 from a northwesterly direction.

(6) The evidence further indicates that the New Mexico "K" State Well No. 31 is currently producing at a 60 percent water cut and has exhibited a steadily increasing oil-water ratio during the past several years of production.

(7) The applicant proposes to drill the subject well as an eventual replacement for the above described New Mexico "K" State Well No. 31 which will be plugged and abandoned at such time as the oil-water ratio becomes excessive.

(8) Geological and engineering data presented by the applicant further indicate that a well at the proposed unorthodox bottomhole location, which will be the last portion of the proration unit to experience water encroachment, should allow the applicant to recover an additional 99,600 barrels of oil which would otherwise not be recovered by the existing New Mexico "K" State Well No. 31, thereby preventing waste.

(9) The unorthodox surface location is necessitated by pipelines and various other surface obstructions.

(10) The applicant is the operator of all affected offset acreage, and the entire S/2 of said Section 28 is a common lease, being the New Mexico "K" State Lease.

CASE NO. 9460
Order No. R-8736
Page -3-

(11) The applicant should be required to determine the subsurface bottomhole location by means of a multi-shot directional survey conducted subsequent to completion of drilling operations.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will result in the recovery of additional reserves, thereby preventing waste, and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Exxon Company, USA, is hereby authorized to directionally drill its New Mexico "K" State Well No. 34 from an unorthodox surface location 1286 feet from the South line and 1333 feet from the West line (Unit N) of Section 28, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, to an unorthodox bottomhole location within the Vacuum-Glorieta Pool within a window bounded by lines 1330 feet and 1470 feet from the South line and 1170 feet and 1310 feet from the West line (Unit L) of said Section 28.

(2) Subsequent to completion of drilling operations, should said well be a producer, the applicant shall determine the bottomhole location of the subject well by means of a multi-shot directional survey; a copy of said survey shall be submitted to the Santa Fe office of the Division.

(3) The NW/4 SW/4 of said Section 28 shall be simultaneously dedicated to the subject well and to the existing New Mexico "K" State Well No. 31 located 2310 feet from the South line and 330 feet from the West line (Unit L) of said Section 28.

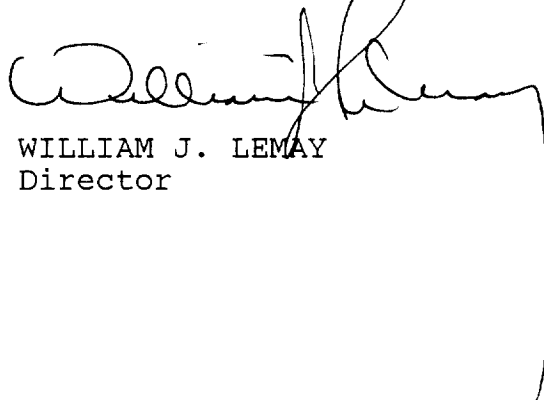
(4) The applicant may produce the oil allowable assigned to the subject proration unit from either well in any proportion.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 9460
Order No. R-8736
Page -4-

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the typed name. The signature is fluid and cursive, with a long, sweeping vertical line extending downwards from the end of the name.

WILLIAM J. LEMAY
Director

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