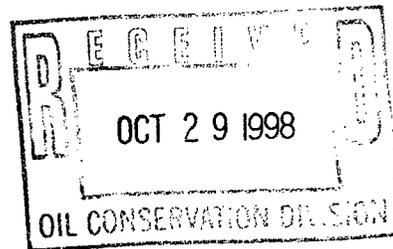


NSL 11/18/98

EXXON COMPANY, U.S.A.
POST OFFICE BOX 4358 • HOUSTON, TEXAS 77210-4358

HOUSTON PRODUCTION ORGANIZATION
PERMITTING



October 27, 1998

Certified Mail

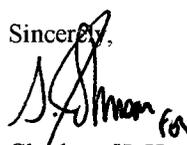
J.D. Knox Lease
Unorthodox Location
Well No. 14
Unit: J
Section 10, T21S, R36E
Lea County, New Mexico

Ms. Lori Wrotenberry
Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Sante Fe, NM 87505

Dear Ms. Wrotenberry

Exxon Corp. is requesting administrative approval for an Unorthodox Location consisting of 80 acres, for the Exxon Corp., J. D. Knox Well 14. This well is located in Section 10, T21S-R36E, Lea County, New Mexico. The basis for this request is the Special Rules and Regulations for the Oil Center-Blinbery Pool, Rule 5 and the New Mexico Oil Conservation Rules, Rule 104.F.

Well 14 will be converted to an oil producer and later converted back to an injection well. A copy of the C103 and C102 are attached. Offset operators were notified by Certified Mail on October 19, 1998 and a copy of the return receipt for each is attached. If you have questions, please call Bob Ward at (713) 431-1024.

Sincerely,

Charlotte H. Harper
Permits Supervisor

JRW/bjh/acm
G:\permitng\secrtry\jrw\J. D. Knox Lease #14 - Unit J (to NMOCD).doc



District II
 PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

District III
 1000 Rio Brasos Rd., Aztec, NM 87410

PO Box 2088

Santa Fe, NM 87504-2088

District IV
 PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1	API Number 30-025-33778	2	Pool Code 47960	3	Pool Name Oil Center, Blinebry
4	Property Code 04185	5	Property Name John D. Knox	6	Well Number 14
7	OGRID No. 007673	8	Operator Name Exxon Company, U.S.A.	9	Elevation 3591'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	10	21 S	36 E		2337	South	1543	East	Lea

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12	Dedicated Acres 80	13	Joint or Infill	14	Consolidation Code	15	Order No.
----	-----------------------	----	-----------------	----	--------------------	----	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL ALL INTERESTS HAVE BEEN CONSOLIDATED
 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

17 OPERATOR CERTIFICATION

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

C. H. Harper

Signature

C. H. Harper

Printed Name

Permits Supervisor

Title

10-16-98

Date

18 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 belief.

November 12, 1996

Date of Survey

Signature and Seal of Professional Surveyor.

Certificate Number

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

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

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

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

WELL API NO. 3002533778
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. FEE
7. Lease Name or Unit Agreement Name JOHN D KNOX
8. Well No. 14
9. Pool name or Wildcat OIL CENTER BLINEBRY
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3591' GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORMC-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
EXXON CORPORATION

3. Address of Operator
**ATTN: REGULATORY AFFAIRS
P. O. BOX 4358
HOUSTON, TX 77210**

4. Well Location
Unit Letter **J** : **2337** Feet From The **FSL** Line and **1543** Feet From The **FEL** Line
Section **10** Township **21S** Range **36E** NMPM **LEA** County

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
TEMPORARILY ABANDON CHANGE PLANS
PULL OR ALTER CASING
OTHER: **CONVERT INJECTOR TO PRODUCER**

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
COMMENCE DRILLING OPNS. PLUG & ABANDONMENT
CASING TEST AND CEMENT JOB
OTHER:

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

CONVERT WELL FROM INJECTOR TO PRODUCER. NO WELL WORK IS PLANNED. WELL WILL BE BACK-FLOWED INTO FACILITIES THROUGH WELLHEAD MASTER VALVE.

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

SIGNATURE J.R. Ward TITLE Sr. Regulatory Specialist DATE 10/27/98

TYPE OR PRINT NAME J. R. Ward (713) 431-1024 TELEPHONE NO.

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

EXXON COMPANY, U.S.A.

POST OFFICE BOX 4358 • HOUSTON, TEXAS 77210-4358

HOUSTON PRODUCTION ORGANIZATION
PERMITTING

October 19, 1998

Certified Mail

J. D. Knox Lease
Unorthodox Location
Well No. 14
Unit: J
Section 10, T21S, R36E
Lea County, New Mexico
Oil Center Blinebry Pool

Offset Operators

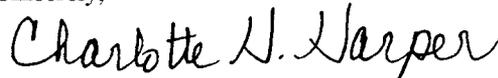
Gentlemen:

Exxon Corp. is requesting administrative approval for an Unorthodox Location for the J. D. Knox Well 14. This well is located in Section 10, T21S-R36E, Lea County, New Mexico. Well 14 was originally drilled as an injector, but will now be a producer in the Oil Center Blinebry Pool.

If you have any objection to the above Unorthodox Location, it must be filed in writing with the New Mexico Oil Conservation Division in Sante Fe, within 20 days from the date this notice was mailed. A copy of the C103 and C102 are attached.

We would like to begin this job as soon as possible. If you have no objection, please sign the blank below and return this letter in the envelope provided. If you have any questions, please call Bob Ward at (713) 431-1024.

Sincerely,



Charlotte H. Harper
Permits Supervisor

Approved: _____

Title: _____

Date: _____

JRW/bjh

G:\permitng\secrtry\jrw\J. D. Knox Lease #14 - Unit J (to Offset Operators).doc



J. D. KNOX 14
OFFSET OPERATOR LISTING
LEA COUNTY, NEW MEXICO

Chevron
P. O. box 1150
15 Smith Road
Midland, Texas 79702

Devon Energy
20 North Broadway, Ste. 1500
Oklahoma City, OK 74102

Conoco
10 Desta Drive, Ste. 100W
Midland, Texas 79705

**J.D. Knox 14 Offset Operator Map
Lea County, New Mexico**

	9	Exxon	10 Exxon	Chevron	11
		Exxon	Well #14  Exxon	Conoco	
			Exxon	Chevron	
	16		15 Conoco	Conoco	14

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Down Energy
 20 N. Broadway, Ste. 1500
 Oklahoma

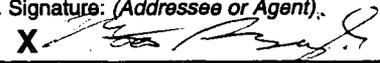
4a. Article Number
 Z 095 641 093

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 10-19

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X 

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Chevron
 P.O. Box 1150
 Midland, TX 79702

4a. Article Number
 Z 095 641 092

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 OCT 13 1993

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X 

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Conoco
 10 Desta Dr., Ste. 100W
 Midland, TX 79705

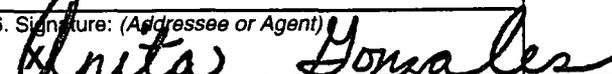
4a. Article Number
 Z 095 641 091

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 10/20

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)


PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

June 2, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501-2088
(505) 827-5800

MEMORANDUM NO. 4-86

TO: ALL OPERATORS AND INTERESTED PARTIES

FROM: R. L. STAMETS, DIRECTOR 

SUBJECT: CLARIFICATION OF ADMINISTRATIVE APPROVAL PROCESSES IN CERTAIN
POOLS WITH SPECIAL RULES

Division Rule 1 provides in part that: "Special rules, regulations and orders have been and will be issued when requested and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules shall apply."

Over the years, many special pool rules have been written. Many of these contained special rules providing for administrative exceptions to such matters as location requirements or spacing unit size while others did not. One prevailing opinion is that the intent of those special rules without administrative exception provisions was to preclude such exceptions. The counter opinion is that when read with Rule 1, if nothing is said, then the administrative exception provisions in the General Rules shall apply.

Notice is hereby provided that it is henceforth to be Division policy to utilize the administrative exceptions or approval procedures of the General Rules when special pool rules are silent as to such exceptions. This policy will save both the Division and operators the cost of unnecessary hearings.

Any person who is aware of any pool with special rules which should preclude any of the administrative exceptions or approvals provided in the General Rules should notify this office of such situation at the earliest possible date providing the reasoning for precluding administrative exceptions. Thereafter, we would suspend this policy for such pool and schedule a case to modify such special rules to incorporate the necessary prohibitions.

RLS:dp

OIL CENTER-BLINEBRY POOL
 (Knox-Adkins Cooperative Leasehold Waterflood Project)
 Lea County, New Mexico

Order No. R-10736, Authorizing Exxon Corporation to Institute a Cooperative Leasehold Waterflood Project in the Oil Center-Blinebry Pool, Lea County, New Mexico, January 15, 1997, as Amended by Order No. R-10736-A, May 7, 1998.

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.

CASE NO. 11665
 Order No. R-10736

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on December 5, 1996 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of January, 1997 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) At this time Exxon Corporation ("Exxon") seeks authority 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 reinjection 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 proposed 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) The applicant proposed that the project area consist of the following described fee leases all in said Section 10:

<u>Lease Name</u>	<u>Acreage</u>	<u>Area</u>
Exxon's J. D. Knox	320	E/2
Exxon's A. J. Adkins	300	S/2 NE/4 NW/4, W/2 NW/4, SE/4 NW/4, and SW/4
the A. J. Adkins lease operated by Texaco Exploration and Production, Inc. ("Texaco")	20	N/2 NE/4 NW/4.

Although there are two separate leases that cover the W/2 of said Section 10, royalty ownership is common thereunder.

(4) Exxon testified at the time of the hearing that although Texaco will share in the benefits of the waterflood project, the applicant will bear the full cost of the project.

(5) From testimony presented by the applicant and from Division records cumulative primary oil recovery from the Oil Center-Blinebry

Pool encompassing the proposed project area is approximately 1.8 million barrels.

(6) The Oil Center-Blinebry oil production from the proposed project area can be considered to be in an advanced state of depletion and should therefore be properly classified as "stripper production".

(7) Exxon testified that approximately 500,000 barrels of additional incremental oil production is expected to be recovered from the proposed project area by spending an estimated \$1,000,000.00 to drill and complete the two initial injection wells and to recomplete existing wellbores in order to complete an efficient flood pattern with six producing wells within said Section 10.

(8) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil thereby preventing waste, exhibits sound engineering practices, is in the best interest of conservation, and will not impair correlative rights.

(9) The applicant submitted data on the proposed conversion of the two subject injection wells, water wells in the area, and all other wells (including plugged wells) which penetrate the zone of interest within the 1/2-mile "area-of-review" of the two subject injection wells. This data shows that wells in the area are cased and plugged so as to protect fresh water and prevent fluid migration from the injection zone, and includes testimony indicating no evidence of open faults or any other hydrologic connection between the injection zone and the fresh water resources in the area.

(10) The operator should take all steps to ensure that the injected water enters only the proposed injection interval and is not permitted to escape into other formations or onto the surface from injection, production or plugged and abandoned wells.

(11) Injection into each of the two wells should be accomplished through 2 3/8-inch internally plastic or cement lined tubing installed in a packer set no higher than 100 feet above the top of the upper most perforation; the casing-tubing annulus in each well should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(12) The injection wells or pressurization system for each well should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure at the wellhead to no more than 0.2 psi per foot of depth to the top most perforation.

(13) Prior to commencing injection operations, the casing in each of the subject wells should be pressure tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(14) The operator should give advance notice to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(15) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

(16) The applicant further requests that the subject waterflood project be approved by the Division as a qualified "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(17) The evidence presented indicates that the subject waterflood project meets all the criteria for approval.

(18) The approved "project area" should be designated the "Knox-Adkins Cooperative Leasehold Waterflood Project" and is to comprise the 640 acres as described above in Finding Paragraph Nos. (2) and (3).

(OIL CENTER-BLINEBRY (KNOX-ADKINS COOPERATIVE LEASEHOLD WATERFLOOD PROJECT) POOL - Cont'd.)

(19) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(20) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefiting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(21) The injection authority granted herein for the proposed injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(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) The subject waterflood project is hereby designated the "Knox-Adkins Cooperative Leasehold Waterflood Project".

(3) Exxon, as operator, shall take all steps necessary to ensure that the injected water only enters and remains confined to the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(4) Injection shall be accomplished through 2-3/8 inch internally plastic or cement lined tubing installed in a packer set within 100 feet of the uppermost injection perforation, the casing-tubing annulus in each well shall be filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(5) The Division Director shall have the authority to administratively authorize an increase in the injection pressure limitation placed upon any well upon a proper showing by the operator that such higher pressure will not result in the migration of the injected water from its respective interval or fracture the confining strata.

(6) Each injection well or respective pressurization system shall be equipped with a pressure-limiting switch or other acceptable device

which will limit the wellhead pressure on the injection well to no more than 1160 psi.

(7) Prior to commencing injection operations, the casing in each injection well shall be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(8) The applicant shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing, casing or packer in either one of the injection wells, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area, and shall take such steps as may be timely and necessary to correct such failure or leakage.

(9) Should it become necessary, the supervisor of the Hobbs District Office of the Division or the Director may at any time order a decrease of the injection pressure on any of the subject injection wells.

(10) The operator of the Knox-Adkins Cooperative Leasehold Waterflood Project shall conduct injection operations in accordance with all applicable Division rules, regulations, and policies, including Division General Rules 701 through 708 and shall submit monthly progress reports in accordance with Division General Rules 706 and 1115.

IT IS THEREFORE ORDERED THAT:

(11) The subject waterflood project is hereby approved as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(12) The approved "project area" shall be limited to that 640-acre area described in Decretory Paragraph No. (1) above.

(13) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(14) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefiting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(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.

(16) 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.

NSL-4163



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GOVERNOR

1/2/98

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

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

RE: Proposed:

- MC _____
- DHC _____
- NSL X _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

<u>Exxon Corp</u>	<u>John D Knox</u>	<u># 14-J</u>	<u>10-215-36e</u>
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

None

Yours very truly,

Chris Williams
Chris Williams
Supervisor, District 1

/ed