

**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. 11479
Order No. R-10579**

**APPLICATION OF EXXON CORPORATION
FOR A NON-STANDARD GAS PRORATION
UNIT, SIMULTANEOUS DEDICATION AND
TWO UNORTHODOX GAS WELL LOCATIONS,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 21, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of April, 1996, 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) The applicant, Exxon Corporation (Exxon), seeks to establish a non-standard 159.92-acre gas spacing and proration unit in the Blinebry Oil and Gas Pool comprising Lots 2, 3, and the S/2 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. Said unit is proposed to be simultaneously dedicated to the existing Exxon Corporation New Mexico "S" State Well Nos. 14, 38 and 28 located respectively in Units C, E and F of Section 2.
- (3) The applicant further seeks approval of unorthodox gas well locations for the New Mexico "S" State Well Nos. 38 and 28, located respectively 2100 feet from the North line and 660 feet from the West line (Unit E), and 2160 feet from the North line and 1800 feet from the West line (Unit F).

(4) The subject wells are located within the Blinebry Oil and Gas Pool which is currently governed by the Special Rules and Regulations for the Blinebry Oil and Gas Pool and by the General Rules for the Prorated Gas Pools of New Mexico, all as contained within Division Order No. R-8170, as amended. These rules provide for 40-acre standard oil spacing and 160-acre standard gas spacing. Gas wells within the pool dedicated to a spacing unit comprising more than 40 acres are required to be located no closer than 660 feet from the outer boundary of the proration unit or quarter section nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. In addition, these rules prohibit the simultaneous dedication of acreage to both oil and gas wells.

(5) The evidence presented indicates that the New Mexico "S" State Lease comprises all of Section 2. The lease is owned and operated entirely by Exxon.

(6) The affected acreage in Section 2 is currently dedicated as follows in the Blinebry Oil and Gas Pool:

<u>CURRENT PRORATION UNIT</u>	<u>ACREAGE & OIL OR GAS UNIT</u>	<u>WELLS DEDICATED TO THIS PRORATION UNIT</u>
Lots 2 & 3 (Approved by Division Order No. R-10063)	79.52 Acres/Gas	N.M. "S" State No. 14
NW/4 NW/4	40 Acres/Oil	N.M. "S" State No. 39
SE/4 NW/4	40 Acres/Oil	N.M. "S" State No. 28
NE/4 SW/4	40 Acres/Oil	N.M. "S" State No. 27
SW/4 NW/4, NW/4 SW/4 (Approved by Division Administrative Order NSP-1667)	80 Acres/Gas	N.M. "S" State No. 38 N.M. "S" State No. 21
SW/4 SW/4	40 Acres/Oil	N.M. "S" State No. 22 (This well is currently is a gas well)
SE/4 SW/4	40 Acres/NA	Acreage not currently dedicated, however this unit contains N.M. "S" State Well Nos. 25 & 42

(7) According to applicant's evidence and testimony, it proposes to add additional perforations in the Blinebry formation within the N.M. "S" State Well Nos. 27 and 28. As a result of these recompletions, the wells should become gas wells.

(8) In addition, the applicant proposes to re-enter the currently plugged and abandoned N.M. "S" State Well No. 7, located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 2, and complete this well as a Blinebry gas well.

(9) The proposed well recompletions necessitate re-orienting the oil and gas proration units within Section 2 as follows:

<u>CURRENT PRORATION UNIT</u>	<u>ACREAGE & OIL OR GAS UNIT</u>	<u>WELLS DEDICATED TO THIS PRORATION UNIT</u>
NW/4 NW/4	40 Acres/Oil	N.M. "S" State No. 39
Lots 2, 3, S/2 NW/4	160 Acres/Gas	N.M. "S" State No 14 N.M. "S" State No. 28 N.M. "S" State No. 38
SW/4	160 Acres/Gas	N.M. "S" State No. 21 N.M. "S" State No. 22 N.M. "S" State No. 27 N.M. "S" State No. 7

(10) Applicant testified that it has formed a 160-acre gas spacing and proration unit comprising the SW/4 of Section 2, and that an application to simultaneously dedicate this acreage to the above-described N.M. "S" State Well Nos. 21, 22, 27 and 7 is currently pending before the Division.

(11) The evidence and testimony presented by the applicant indicates that the proposed recompletions and resultant re-orientation of oil and gas proration units within Section 2 should result in the recovery of additional gas reserves from the Blinebry Oil and Gas Pool which may otherwise not be recovered, thereby preventing waste.

(12) The N.M. "S" State Well Nos. 14, 28 and 38 should efficiently drain and develop the proposed non-standard gas proration unit.

(13) The unorthodox locations for the N.M. "S" State Well Nos. 28 and 38 are necessitated by the re-orientation of the spacing unit(s).

(14) None of the additional acreage within Section 2 should be adversely affected by applicant's proposal.

(15) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(16) Approval of the subject application will afford the applicant the opportunity to efficiently and effectively develop the oil and gas reserves within the Blinebry Oil and Gas Pool underlying Section 2, will result in the recovery of additional gas reserves which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Exxon Corporation, a non-standard 159.92-acre gas spacing and proration unit in the Blinebry Oil and Gas Pool comprising Lots 2, 3, and the S/2 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established. Said unit shall be simultaneously dedicated to the existing Exxon Corporation New Mexico "S" State Well Nos. 14, 38 and 28 located respectively in Units C, E and F of Section 2.

(2) Unorthodox location approval is hereby granted for the N.M. "S" State Well Nos. 38 and 28, located respectively 2100 feet from the North line and 660 feet from the West line (Unit E), and 2160 feet from the North line and 1800 feet from the West line (Unit F).

(3) Jurisdiction is hereby 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


WILLIAM J. LEMAY
Director

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