

CASE 6667: KENOM CORPORATION FOR A NON-
STANDARD PROBATION UNIT, AN UNORTHODOX
JAIL LOCATION, AND SIMULTANEOUS DEDICA-
TION, LEA COUNTY, NEW MEXICO

CASE NO.

6667

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

October 11, 1979

Mr. Conrad Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
P. O. Box 3580
Midland, Texas 79702

Re: CASE NO. 6667
ORDER NO. R-6136

Applicant:

Exxon Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

~~Yours very truly,~~

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

| | |
|-------------|----------|
| Hobbs OCD | <u>X</u> |
| Artesia OCD | <u>X</u> |
| Aztec OCD | |

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6667
Order No. R-6136

APPLICATION OF EXXON CORPORATION
FOR AN UNORTHODOX WELL LOCATION
AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 19, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of October, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Exxon Corporation, seeks authority to simultaneously dedicate a 320-acre non-standard gas proration unit comprising the W/2 of Section 10, Township 21 South, Range 36 East, NMPM, to its A. J. Adkins Com Well No. 1, located in Unit L and to its Well No. 2, recently drilled at an unorthodox location 1650 feet from the North line and 1650 feet from the West line of said Section 10.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid two wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells,

-2-

Case No. 6667

Order No. R-6136

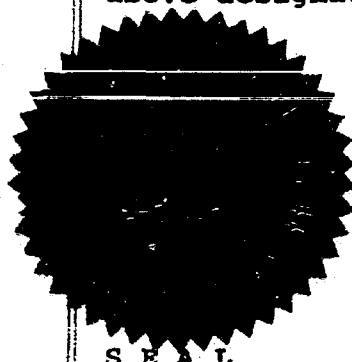
avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Exxon Corporation is hereby authorized to simultaneously dedicate a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising the W/2 of Section 10, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, to its A. J. Adkins Com Well No. 1, located in Unit L and its Well No. 2, at an unorthodox location 1650 feet from the North line and 1650 feet from the West line of said Section 10.

(2) That 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico
19 September 1979

EXAMINER HEARING

IN THE MATTER OF:

| | | |
|-----------------------------------|---|------|
| Application of Exxon Corporation |) | CASE |
| for a non-standard proration |) | 6667 |
| unit, an unorthodox well location |) | |
| and simultaneous dedication, Lea |) | |
| County, New Mexico, |) | |

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Conrad Coffield, Esq.
Hinkle Law Firm
P. O. Box 3580
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I N D E X

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J. K. LYTLE

Direct Examination by Mr. Coffield 3

Cross Examination by Mr. Nutter 8

JOHN W. IRVING

Direct Examination by Mr. Coffield 10

Cross Examination by Mr. Nutter 13

E X H I B I T S

Applicant Exhibit One, Map 5

Applicant Exhibit Two, Tabulation 6

Applicant Exhibit Three, Log 11

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1 MR. NUTTER: Call next Case Number 6667.

2 MR. PADILLA: Application of Exxon Corpor-
3 ation for a non-standard proration unit and an unorthodox
4 well location and simultaneous dedication, Lea County, New
5 Mexico.

6 MR. COFFIELD: Conrad Coffield with the
7 Hinkle Law Firm, appearing on behalf of the applicant. I
8 have two witnesses, one of whom has already been sworn and
9 you have his qualifications, and the one witness has not
10 been sworn.

11
12 (Witness sworn.)

13
14 J. K. LYTLE

15 being called as a witness and having been duly sworn upon
16 his oath, testified as follows, to-wit:

17
18 DIRECT EXAMINATION

19 BY MR. COFFIELD:

20 Q Mr. Lytle, would you please state your
21 name and your address, occupation and employer?

22 A My name is J. K. Lytle. I reside in Mid-
23 land, Texas. I work as an engineer for Exxon Company,
24 U.S.A.

25 Q And have you previously testified before

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1 the Division as a petroleum engineer?

2 A. Yes, I have.

3 Q. Were your qualifications made a matter

4 of record --

5 A. Yes, they were.

6 Q. -- and accepted by the Division?

7 A. They were.

8 Q. Are you familiar with Exxon's application

9 in this case?

10 A. I am.

11 Q. As well, are you familiar with the pro-

12 perty and the well location?

13 A. Yes, sir.

14 MR. COFFIELD: Is the witness considered

15 qualified?

16 MR. NUTTER: Yes, he is.

17 Q. Mr. Lytle, would you please state briefly

18 what Exxon seeks by this application?

19 A. Exxon seeks approval of a 320-acre non-

20 standard gas proration unit, comprising the west half of

21 Section 10, Township 21 South, Range 36 East, in the Eumont

22 Gas Pool, and the unit to be simultaneously dedicated to

23 its A. J. Adkins Community Well No. 1, located in Unit L,

24 and to its Well No. 2 at an unorthodox location, which is

25 1650 feet from the north and west lines of Section 10.

1 Q Okay, Mr. Lytle, would you refer to what's
2 been marked as Exhibit One and state what this represents?

3 A Exhibit One is a map of an area that
4 covers a portion of the Eumont Gas Field. It covers por-
5 tions of Township 20 South and 21 South, and Range 36 East.

6 The map was prepared to show the outline
7 of the 320-acre non-standard proration unit which is known
8 as the A. J. Adkins Community, which is the west half of
9 Section 10 of 21 South, 36 East. This unit is outlined in
10 yellow on the exhibit.

11 The well that has a red dot pasted over
12 it is the Adkins Community No. 2 Well, which has been re-
13 cently drilled and completed by Exxon. There is one other
14 existing Eumont gas well on the proration unit. This is
15 the Adkins Community No. 1, which is colored in red.

16 There are a number of wells on this map
17 which are colored in red. This identifies the Eumont gas
18 completions on the area that's covered by the map.

19 Also there are some structural contours
20 but those will be referred to our geological witness.

21 One point or observation I would like to
22 make to the Commission about the number of red colored wells
23 is that this shows that in a field where the standard gas
24 proration unit is 640 acres, the Commission has previously
25 recognized and permitted completions at a much greater

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1 density than one well per 640 acres in the Eumont Gas Field.

2 Q Let's go now to Exhibit Two, Mr. Lytle,
3 and please discuss that exhibit.

4 A Exhibit Two is a tabulation of both well
5 and proration unit data for the A. J. Adkins Community
6 Lease. The information shown on the top part of the exhibit
7 is the well data for both of the wells that are now on the
8 proration unit.

9 The A. J. Adkins Community No. 1 Well,
10 which is located in Unit L, was spudded many years ago on
11 April 22nd, 1936. It was initially completed in the Gray-
12 burg and subsequently plugged back for completion in the
13 Eumont Gas Field, which occurred on October 30th, 1952.

14 The initial rate at that time from the --
15 for the well was 1910 Mcf per day with a 3/4 inch choke,
16 with a tubing pressure of 230 psig.

17 Currently the well produces at the average
18 rate which was recorded in June, 1979, of 586 Mcf per day.
19 It is a marginal well on the 320-acre proration unit. The
20 cumulative production from the well to date is 5.9 billion
21 cubic feet and the estimated ultimate recovery from the
22 well is 6.94 billion cubic feet.

23 Going over to the data for the A. J. Adkins
24 Community No. 2, this well is in an unorthodox location on
25 the proration unit. It's located in Unit F, 1650 feet from

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1 the north and west lines of Section 10.

2 It was spudded on July 3rd of this year
3 and completed on July 24th in the Eumont Gas pay. The
4 initial completion test was 931 Mcf per day through a 1/2
5 inch choke with a flowing tubing pressure of 140 psig.
6 The well is not on production pending the approval of the
7 Commission.

8 The estimated ultimate recovery for this
9 well is 3.03 billion cubic feet.

10 Now going down to the proration unit data
11 this shows that the proration unit consists of the west
12 half of Section 10. There are 320 acres. It is a non-
13 standard proration unit and was authorized by Commission's
14 Order NSP 974, which was dated October 31st, 1974.

15 The estimated recoverable gas in place
16 for the 320-acre proration unit -- this is based on a
17 volumetric calculation -- is 9.97 Bcf.

18 Q Mr. Lytle, were these two exhibits pre-
19 pared by you or under your supervision?

20 A Yes, sir.

21 Q Do you have anything else to offer in
22 connection with either of these?

23 A No, I believe not.

24 Q In your opinion will the approval of this
25 application by Exxon prevent waste, protect correlative

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1 rights as well as result in increased production from the
2 reservoir?

3 A. Yes, in my opinion it will.

4 MR. COFFIELD: Mr. Examiner, I move the
5 admission of Exhibits One and Two.

6 MR. NUTTER: Exxon Exhibits One and Two
7 will be admitted in evidence.

8
9 CROSS EXAMINATION

10 BY MR. NUTTER:

11 Q Mr. Lytle, you mentioned that the esti-
12 mated recoverable gas in place under the 320 was 9.97 billion
13 cubic feet of gas based on a volumetric calculation. Now
14 what factors went into that volumetric calculation?

15 A. This is based on log data. It is based
16 on the calculation of an average recovery per acre foot for
17 the Eumont gas pay, and then applying an 80 percent recovery
18 factor to that as being recoverable gas. And then applying
19 the estimated acre feet of pay under the subject proration
20 unit.

21 Q How did you obtain the estimated acre feet
22 of pay under the proration unit?

23 A. This is based on the log estimation of
24 net pay on the 320 acres. It was the Adkins Community No.
25 2 Well.

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1 Q Just based on that one well.

2 A Yes, sir.

3 Q You did say that that well has extended
4 over the 320.

5 A Yes, sir.

6 Q Now, you've also got an estimated ultimate
7 recovery of 6.94 Bcf for the Adkins Com 1 and 3.03 Bcf for
8 the Adkins Com 2. Those obviously add up to the estimated
9 total recoverable gas under the proration unit. How did
10 you separate that 9.97 into two figures, then?

11 A Well, the ultimate recovery for the
12 existing well, the Adkins Com No. 1, is based on the cumula-
13 tive production of 5.9 Bcf plus estimated remaining reserves
14 based on a decline curve analysis, of the declining trend of
15 that well.

16 Q So you took its actual production curve
17 and took it down to some economic limit and determined it's
18 going to produce 6.94 billion?

19 A Yes, sir, and then the difference is the
20 amount of gas that is attributable to the new well.

21 MR. NUTTER: Are there any other questions
22 of Mr. Lytle? He may be excused.

23

24

25

JOHN W. IRVING

being called as a witness and having been previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Irving, for the record in this case would you once again state your name, address, occupation, and employer?

A My name is John W. Irving, Midland, Texas. I'm a geologist with Exxon Company, U.S.A.

Q You have already stated your qualifications and they have been made a matter of record in a prior case, and that they were acceptable.

Are you also familiar with the application of Exxon in this case?

A Yes.

Q And as well, the property and the proposed well location?

A Yes, I am.

MR. COFFIELD: Is the witness considered qualified?

MR. NUTTER: Yes, he is.

Q (Mr. Coffield continuing.) Please refer to what we've already been discussing here, Mr. Irving, Ex-

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1 hibit One, and would you please explain the geological data
2 shown on that exhibit?

3 A. Yes, sir. The contours on this Exhibit
4 Number One are structure contours on top of the Yates forma-
5 tion, which is the -- defined as the top of the Eumont pay.
6 The contour interval is 50 feet. The rate of dip shown --
7 well, first, the contours show a northwest/southeast trending
8 anticline with dip to the northeast of about 200 feet per
9 mile. And over on the west side it gets up to about 250 feet
10 per mile.

11 Exxon's Adkins Com proration unit is
12 located at a position near the structural axis of this anti-
13 cline and the Adkins Com No. 2 Well has been drilled at a
14 position at the -- at an optimum place on the proration
15 unit coinciding with the structural position, also taking
16 into consideration the possible drainage area of other wells.

17 Q All right. Let's go on to what we've
18 marked as Exhibit Three, Mr. Irving, and please explain that
19 exhibit.

20 A Exhibit Three is what we refer to as a
21 type log. It's a portion of the wire line log run on Humble
22 Oil and Refining Company Knox No. 6 Well, located in Section
23 10, Township 21 South, Range 36 East, and that is -- that
24 well is marked on Exhibit One over in the southeast quarter
25 of Section 10, showing this tight log. This is a radio-

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1 activity log run by Lane Wells in 1954.

2 On the log we show the Yates, Seven Rivers,
3 Upper Queen, Lower Queen, and Grayburg formations, and then
4 on the left side the Eumont Pool interval is indicated to
5 be from the top of the Yates to the top of the Grayburg.

6 Q Then in summary, Mr. Irving, would you say
7 that it is your professional opinion, then, that from a
8 geological standpoint that the location which has been
9 selected here by Exxon is the best place to locate the well?

10 A Yes, sir, I --

11 Q On this acreage?

12 A I would.

13 Q Was geological data on Exhibit One and
14 what we've marked as Exhibit Three prepared by you or under
15 your supervision?

16 A Yes.

17 Q And in your opinion will the approval of
18 the application of Exxon in this case prevent waste and
19 protect correlative rights and result in increased production?

20 A I believe it will.

21 Q From the proration spacing area?

22 MR. COFFIELD: Mr. Examiner, I move the
23 admission of Exhibit Three.

24 MR. NUTTER: Exxon Exhibit Three will be
25 admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Irving, in preparing Exhibit Number Two, the structure map, I presume you looked at the logs on a number of wells in the area?

A Yes, sir.

Q You heard Mr. Lytle testify that he had obtained his volumetric calculation of reserves on the west half of Section 10 by taking the net pay shown on the log of the Adkins No. 1 Well and applying that to the entire 320 acres. Did you observe, when you were looking at those logs in the vicinity of this area that the net pay under one well would extend uniformly throughout the 320-acre tract?

A Let me explain a little bit about the vintage of the basic data that we had to work with. On these older wells we only had the gamma ray neutron curves.

Q Uh-huh.

A Very difficult to determine net pays, especially in gas zones, from the neutron curve, so for that reason I believe the log on the Adkins Com 2, the more recent log, a density log and neutron combination, was run on that well, and that's the reason it was used to pick net pay. We feel that the net pay is more accurate on the more recent

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Santa Fe, New Mexico 87501

1 logs.

2 Now, about all we get off of these old
3 logs is correlations and from the later vintage log we can
4 go back then and make comparisons and come up with a range
5 of porosity estimates from the older logs.

6 Q Well, now, you've got quite a bit of relief
7 insofar as the top of the pool is concerned here. Is there
8 a variation in the thickness of the pay also?

9 A Yes, sir, there is.

10 Q Well, can we take the log of one well and
11 assume the net pay from that and transfer it to the entire
12 320 and make an accurate calculation of volumetric reserves
13 under the 320?

14 A In a local area like this where we have
15 the other well controls for guidance, the old neutron logs,
16 I believe that we can. I wouldn't want to take a well
17 several miles away, even a couple of miles away, because
18 there is some variation throughout the reservoir in net pay.

19 Q But you say in a local region you can.

20 A I think within a square mile.

21 Q Within a mile?

22 A Yes, sir.

23 Q And your unit here is a unit one mile long
24 and half a mile wide?

25 A Yes, sir.

1 MR. NUTTER: Are there any other questions
2 of Mr. Irving? He may be excused.

3 Do you have anything further, Mr. Coffield?

4 MR. COFFIELD: No, sir.

5 MR. NUTTER: Does anyone have anything
6 they wish to offer in Case Number 6667?

7 Take the case under advisement.

8
9 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 467, heard by me on 9/19 1977.
[Signature], Examiner
Oil Conservation Division

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Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico
19 September 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Exxon Corporation)
for a non-standard proration) CASE
unit, an unorthodox well location) 6667
and simultaneous dedication, Lea)
County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
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For the Applicant:

Conrad Coffield, Esq.
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E X H I B I T S

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|-----------------------------------|----|
| Applicant Exhibit One, Map | 5 |
| Applicant Exhibit Two, Tabulation | 6 |
| Applicant Exhibit Three, Log | 11 |

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1 MR. NUTTER: Call next Case Number 6667.

2 MR. PADILLA: Application of Exxon Corpor-
3 ation for a non-standard proration unit and an unorthodox
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7 Hinkle Law Firm, appearing on behalf of the applicant. I
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9 you have his qualifications, and the one witness has not
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12 (Witness sworn.)

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21 name and your address, occupation and employer?

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23 land, Texas. I work as an engineer for Exxon Company,
24 U.S.A.

25 Q And have you previously testified before

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1 the Division as a petroleum engineer?

2 A. Yes, I have.

3 Q. Were your qualifications made a matter
4 of record --

5 A. Yes, they were.

6 Q. -- and accepted by the Division?

7 A. They were.

8 Q. Are you familiar with Exxon's application
9 in this case?

10 A. I am.

11 Q. As well, are you familiar with the pro-
12 perty and the well location?

13 A. Yes sir.

14 MR. COFFIELD: Is the witness considered
15 qualified?

16 MR. NUTTER: Yes, he is.

17 Q. Mr. Lytle, would you please state briefly
18 what Exxon seeks by this application?

19 A. Exxon seeks approval of a 320-acre non-
20 standard gas proration unit, comprising the west half of
21 Section 10, Township 21 South, Range 36 East, in the Eumont
22 Gas Pool, and the unit to be simultaneously dedicated to
23 its A. J. Adkins Community Well No. 1, located in Unit L,
24 and to its Well No. 2 at an unorthodox location, which is
25 1650 feet from the north and west lines of Section 10.

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2 been marked as Exhibit One and state what this represents?

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4 covers a portion of the Eumont Gas Field. It covers por-
5 tions of Township 20 South and 21 South, and Range 36 East.

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7 of the 320-acre non-standard proration unit which is known
8 as the A. J. Adkins Community, which is the west half of
9 Section 10 of 21 South, 36 East. This unit is outlined in
10 yellow on the exhibit.

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12 it is the Adkins Community No. 2 Well, which has been re-
13 cently drilled and completed by Exxon. There is one other
14 existing Eumont gas well on the proration unit. This is
15 the Adkins Community No. 1, which is colored in red.

16 There are a number of wells on this map
17 which are colored in red. This identifies the Eumont gas
18 completions on the area that's covered by the map.

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20 but those will be referred to our geological witness.

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22 make to the Commission about the number of red colored wells
23 is that this shows that in a field where the standard gas
24 proration unit is 640 acres, the Commission has previously
25 recognized and permitted completions at a much greater

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Santa Fe, New Mexico 87501

1 density than one well per 640 acres in the Eumont Gas Field.

2 Q Let's go now to Exhibit Two, Mr. Lytle,
3 and please discuss that exhibit.

4 A Exhibit Two is a tabulation of both well
5 and proration unit data for the A. J. Adkins Community
6 Lease. The information shown on the top part of the exhibit
7 is the well data for both of the wells that are now on the
8 proration unit.

9 The A. J. Adkins Community No. 1 Well,
10 which is located in Unit L, was spudded many years ago on
11 April 22nd, 1936. It was initially completed in the Gray-
12 burg and subsequently plugged back for completion in the
13 Eumont Gas Field, which occurred on October 30th, 1952.

14 The initial rate at that time from the --
15 for the well was 1910 Mcf per day with a 3/4 inch choke,
16 with a tubing pressure of 230 psig.

17 Currently the well produces at the average
18 rate which was recorded in June, 1979, of 586 Mcf per day.
19 It is a marginal well on the 320-acre proration unit. The
20 cumulative production from the well to date is 5.9 billion
21 cubic feet and the estimated ultimate recovery from the
22 well is 6.94 billion cubic feet.

23 Going over to the data for the A. J. Adkins
24 Community No. 2, this well is in an unorthodox location on
25 the proration unit. It's located in Unit F, 1650 feet from

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San Antonio, Texas 78201

1 the north and west lines of Section 10.

2 It was spudded on July 3rd of this year
3 and completed on July 24th in the Eumont Gas pay. The
4 initial completion test was 931 Mcf per day through a 1/2
5 inch choke with a flowing tubing pressure of 140 psig.
6 The well is not on production pending the approval of the
7 Commission.

8 The estimated ultimate recovery for this
9 well is 3.03 billion cubic feet.

10 Now going down to the proration unit data
11 this shows that the proration unit consists of the west
12 half of Section 10. There are 320 acres. It is a non-
13 standard proration unit and was authorized by Commission's
14 Order NSP 974, which was dated October 31st, 1974.

15 The estimated recoverable gas in place
16 for the 320-acre proration unit -- this is based on a
17 volumetric calculation -- is 9.97 Bcf.

18 Q Mr. Lytle, were these two exhibits pre-
19 pared by you or under your supervision?

20 A Yes, sir.

21 Q Do you have anything else to offer in
22 connection with either of these?

23 A No, I believe not.

24 Q In your opinion will the approval of this
25 application by Exxon prevent waste, protect correlative

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CERTIFIED SHOOTING AND REPORTER
2020 Plaza, El Paso, Texas 79901
Sandoz, N. M. 87001

1 rights as well as result in increased production from the
2 reservoir?

3 A Yes, in my opinion it will.

4 MR. COFFIELD: Mr. Examiner, I move the
5 admission of Exhibits One and Two.

6 MR. NUTTER: Exxon Exhibits One and Two
7 will be admitted in evidence.

8
9 CROSS EXAMINATION

10 BY MR. NUTTER:

11 Q Mr. Lytle, you mentioned that the esti-
12 mated recoverable gas in place under the 320 was 9.97 billion
13 cubic feet of gas based on a volumetric calculation. Now
14 what factors went into that volumetric calculation?

15 A This is based on log data. It is based
16 on the calculation of an average recovery per acre foot for
17 the Eumont gas pay, and then applying an 80 percent recovery
18 factor to that as being recoverable gas. And then applying
19 the estimated acre feet of pay under the subject proration
20 unit.

21 Q How did you obtain the estimated acre feet
22 of pay under the proration unit?

23 A This is based on the log estimation of
24 net pay on the 320 acres. It was the Adkins Community No.
25 2 Well.

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Santa Fe, New Mexico 87501

1 Q Just based on that one well.

2 A Yes, sir.

3 Q You did say that that well has extended
4 over the 320.

5 A Yes, sir.

6 Q Now, you've also got an estimated ultimate
7 recovery of 6.94 Bcf for the Adkins Com 1 and 3.03 Bcf for
8 the Adkins Com 2. Those obviously add up to the estimated
9 total recoverable gas under the proration unit. How did
10 you separate that 9.97 into two figures, then?

11 A Well, the ultimate recovery for the
12 existing well, the Adkins Com No. 1, is based on the cumula-
13 tive production of 5.9 Bcf plus estimated remaining reserves
14 based on a decline curve analysis, of the declining trend of
15 that well.

16 Q So you took its actual production curve
17 and took it down to some economic limit and determined it's
18 going to produce 6.94 billion?

19 A Yes, sir, and then the difference is the
20 amount of gas that is attributable to the new well.

21 MR. NUTTER: Are there any other questions
22 of Mr. Lytle? He may be excused.

23

24

25

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CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (S.B.) 471-2462
Santa Fe, New Mexico 87501

JOHN W. IRVING

being called as a witness and having been previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Irving, for the record in this case would you once again state your name, address, occupation, and employer?

A My name is John W. Irving, Midland, Texas. I'm a geologist with Exxon Company, U.S.A.

Q You have already stated your qualifications and they have been made a matter of record in a prior case, and that they were acceptable.

Are you also familiar with the application of Exxon in this case?

A Yes.

Q And as well, the property and the proposed well location?

A Yes, I am.

MR. COFFIELD: Is the witness considered qualified?

MR. NUTTER: Yes, he is.

Q (Mr. Coffield continuing.) Please refer to what we've already been discussing here, Mr. Irving, Ex-

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San Antonio, Texas 78201

1 hibit One, and would you please explain the geological data
2 shown on that exhibit?

3 A Yes, sir. The contours on this Exhibit
4 Number One are structure contours on top of the Yates forma-
5 tion, which is the --- defined as the top of the Eumont pay.
6 The contour interval is 50 feet. The rate of dip shown --
7 well, first, the contours show a northwest/southeast trending
8 anticline with dip to the northeast of about 200 feet per
9 mile. And over on the west side it gets up to about 250 feet
10 per mile.

11 Exxon's Adkins Com proration unit is
12 located at a position near the structural axis of this anti-
13 cline and the Adkins Com No. 2 Well has been drilled at a
14 position at the -- at an optimum place on the proration
15 unit coinciding with the structural position, also taking
16 into consideration the possible drainage area of other wells.

17 Q All right. Let's go on to what we've
18 marked as Exhibit Three, Mr. Irving, and please explain that
19 exhibit.

20 A Exhibit Three is what we refer to as a
21 type log. It's a portion of the wire line log run on Humble
22 Oil and Refining Company Knox No. 6 Well, located in Section
23 10, Township 21 South, Range 36 East, and that is -- that
24 well is marked on Exhibit One over in the southeast quarter
25 of Section 10, showing this tight log. This is a radio-

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3020 Pearl Street, Houston, Texas 6462
Santa Fe, New Mexico 87501

1 activity log run by Lane Wells in 1954.

2 On the log we show the Yates, Seven Rivers,
3 Upper Queen, Lower Queen, and Grayburg formations, and then
4 on the left side the Eumont Pool interval is indicated to
5 be from the top of the Yates to the top of the Grayburg.

6 Q Then in summary, Mr. Irving, would you say
7 that it is your professional opinion, then, that from a
8 geological standpoint that the location which has been
9 selected here by Exxon is the best place to locate the well?

10 A Yes, sir, I --

11 Q On this acreage?

12 A I would.

13 Q Was geological data on Exhibit One and
14 what we've marked as Exhibit Three prepared by you or under
15 your supervision?

16 A Yes.

17 Q And in your opinion will the approval of
18 the application of Exxon in this case prevent waste and
19 protect correlative rights and result in increased production?

20 A I believe it will.

21 Q From the proration spacing area?

22 MR. COFFIELD: Mr. Examiner, I move the
23 admission of Exhibit Three.

24 MR. NUTTER: Exxon Exhibit Three will be
25 admitted in evidence.

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CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca, Suite 305, 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2030 Pina Blanca (505) 471-2482
Santa Fe, New Mexico 87501

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Irving, in preparing Exhibit Number Two, the structure map, I presume you looked at the logs on a number of wells in the area?

A Yes, sir.

Q You heard Mr. Lytle testify that he had obtained his volumetric calculation of reserves on the west half of Section 10 by taking the net pay shown on the log of the Adkins No. 1 Well and applying that to the entire 320 acres. Did you observe, when you were looking at those logs in the vicinity of this area that the net pay under one well would extend uniformly throughout the 320-acre tract?

A Let me explain a little bit about the vintage of the basic data that we had to work with. On these older wells we only had the gamma ray neutron curves.

Q Uh-huh.

A Very difficult to determine net pays, especially in gas zones, from the neutron curve, so for that reason I believe the log on the Adkins Com 2, the more recent log, a density log and neutron combination, was run on that well, and that's the reason it was used to pick net pay. We feel that the net pay is more accurate on the more recent

1 logs.

2 Now, about all we get off of these old
3 logs is correlations and from the later vintage log we can
4 go back then and make comparisons and come up with a range
5 of porosity estimates from the older logs.

6 Q Well, now, you've got quite a bit of relief
7 insofar as the top of the pool is concerned here. Is there
8 a variation in the thickness of the pay also?

9 A Yes, sir, there is.

10 Q Well, can we take the log of one well and
11 assume the net pay from that and transfer it to the entire
12 320 and make an accurate calculation of volumetric reserves
13 under the 320?

14 A In a local area like this where we have
15 the other well controls for guidance, the old neutron logs,
16 I believe that we can. I wouldn't want to take a well
17 several miles away, even a couple of miles away, because
18 there is some variation throughout the reservoir in net pay.

19 Q But you say in a local region you can.

20 A I think within a square mile.

21 Q Within a mile?

22 A Yes, sir.

23 Q And your unit here is a unit one mile long
24 and half a mile wide?

25 A Yes, sir.

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CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

1 MR. NUTTER: Are there any other questions
2 of Mr. Irving? He may be excused.

3 Do you have anything further, Mr. Coffield?

4 MR. COFFIELD: No, sir.

5 MR. NUTTER: Does anyone have anything
6 they wish to offer in Case Number 66677

7 Take the case under advisement.

8

9 (Hearing concluded.)

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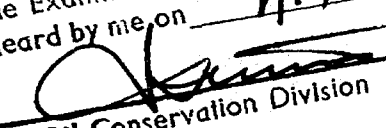
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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S.E.) 471-4462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca, (666) 471-5462
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4467.
heard by me on 9/19 1979.
 Examiner
Oil Conservation Division

EXXON, A. J. ADKINS COM. LSE.
EUMONT GAS FIELD, LEA CO., N. M.

WELL DATA

| | | |
|--|--|--|
| Lease Name & Well No. | A. J. Adkins Com. #1 | A. J. Adkins Com. #2 |
| Location | Unit L, Sec. 10-21S-36E | Unit F, Sec. 10-21S-36E 1650' FNL & 1650' FWL |
| Spud Date | April 22, 1936 | July 5, 1979 |
| Completion Date in Eumont Gas Field | October 30, 1952 | July 24, 1979 |
| Completion Interval | 3375' - 3475' | 3388' - 3565' |
| Initial Rate | 1910 Mcf/D, 3/4" choke, TP-230 psig | 931 Mcf/D, 1/2" choke, TP-140 psig |
| Current Rate | 586 Mcf/D (June, 1979) | -- |
| Cumulative Production | 5.90 Bcf | -- |
| Estimated Ultimate Recovery | 6.94 Bcf | 3.03 Bcf |

*arrived at by extrapolating production decline
curve to economic limit; suit estult
recovery from*

PRORATION UNIT DATA

| | | |
|------------------------------------|----------------------------------|---|
| Description | w/2 Sec. 10-21S-36E | 9.97 to obtain est reserves for #2 well |
| No. Acres | 320 | |
| Authority | Order No. NSP-974 Dated 10-31-74 | |
| Estimated Recoverable Gas in Place | 9.97 Bcf | based on volumetric calculation not too reliable as #1 log was used to derive net pay through out the 320. |
| JKL:dt 9-13-79 | | |

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXXON EXHIBIT NO. 2
CASE NO. 6667

EXXON, A. J. ADKINS COM. LSE.
EUMONT GAS FIELD, LEA CO., N. M.

WELL DATA

| | | |
|--|--|--|
| Lease Name & Well No. | A. J. Adkins Com. #1 | A. J. Adkins Com. #2 |
| Location | Unit L, Sec. 10-21S-36E | Unit F, Sec. 10-21S-36E 1650' FNL & 1650' FWL |
| Spud Date | April 22, 1936 | July 5, 1979 |
| Completion Date in Eumont Gas Field | October 30, 1952 | July 24, 1979 |
| Completion Interval | 3375' - 3475' | 3388' - 3565' |
| Initial Rate | 1910 Mcf/D, 3/4" choke, TP-230 psig | 931 Mcf/D, 1/2" choke, TP-140 psig |
| Current Rate | 586 Mcf/D (June, 1979) | -- |
| Cumulative Production | 5.90 Bcf | -- |
| Estimated Ultimate Recovery | 6.94 Bcf | 3.03 Bcf |

PRORATION UNIT DATA

| | |
|------------------------------------|----------------------------------|
| Description | w/2 Sec. 10-21S-36E |
| No. Acres | 320 |
| Authority | Order No. NSP-974 Dated 10-31-74 |
| Estimated Recoverable Gas in Place | 9.97 Bcf |

JKL:dt
9-13-79

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXXON EXHIBIT NO. 2
CASE NO. 6667

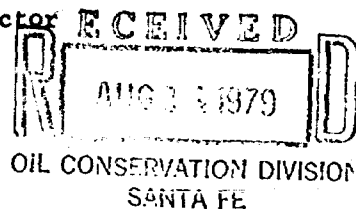
EXXON COMPANY, U.S.A.
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702

PRODUCTION DEPARTMENT
MIDCONTINENT DIVISION

August 16, 1979

Request Simultaneous Dedication
of 320 Acre Proration Unit,
W/2 Sec. 10 T-21-S, R-36-E.
Lea County, New Mexico, to
A. J. Adkins Wells Nos. 1 & 2
(No. 2 New Completion)

Mr. J. D. Ramey, Secretary Director
Energy and Minerals Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Case 6667

Dear Sir:

NSP 974
320
adkins
Exxon respectfully requests administrative approval of simultaneous dedication of 320 Acre non standard unit, consisting of W/2 Sec. 10, T-21-S, R-36-E, Lea County, N. M., to A. J. Adkins Com, Well No. 1 & 2, with authority to produce from either in any proration. Well No. 1 is located in Unit "L" and No. 2 is located in Unit "F", Sec. 10, T-21-S, R-36-E. A plat of the area is attached.

Current production:

A. J. Adkins Com, Well No. 1 is a marginal well and has averaged 16,660/MCF/Mo. through May, 1979.

A. J. Adkins Com, Well No. 2 (new completion) Flow Test 7-23-79, 930 MCF/D.

Your consideration of this request will be appreciated.

Yours very truly,

D. L. Clemmer
D. L. Clemmer, Unit Head
Revenue & Regulatory Accounting

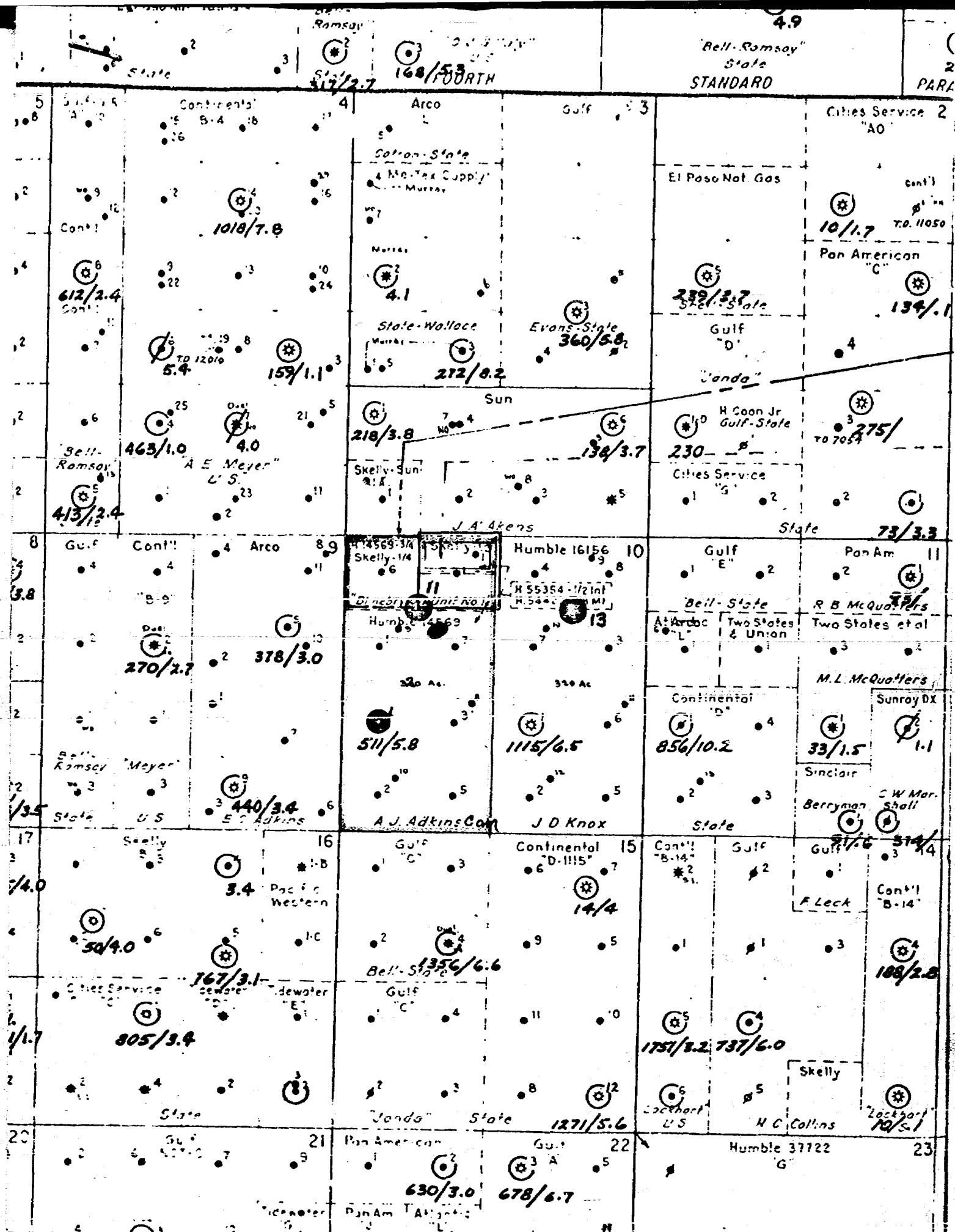
DFL/DLC/dc
Attachment - plat

cc: OCC, Hobbs, N.M.

Set for hearing and
notify Exxon

NSL and NSP
& simultaneous dedication

A DIVISION OF EXXON CORPORATION



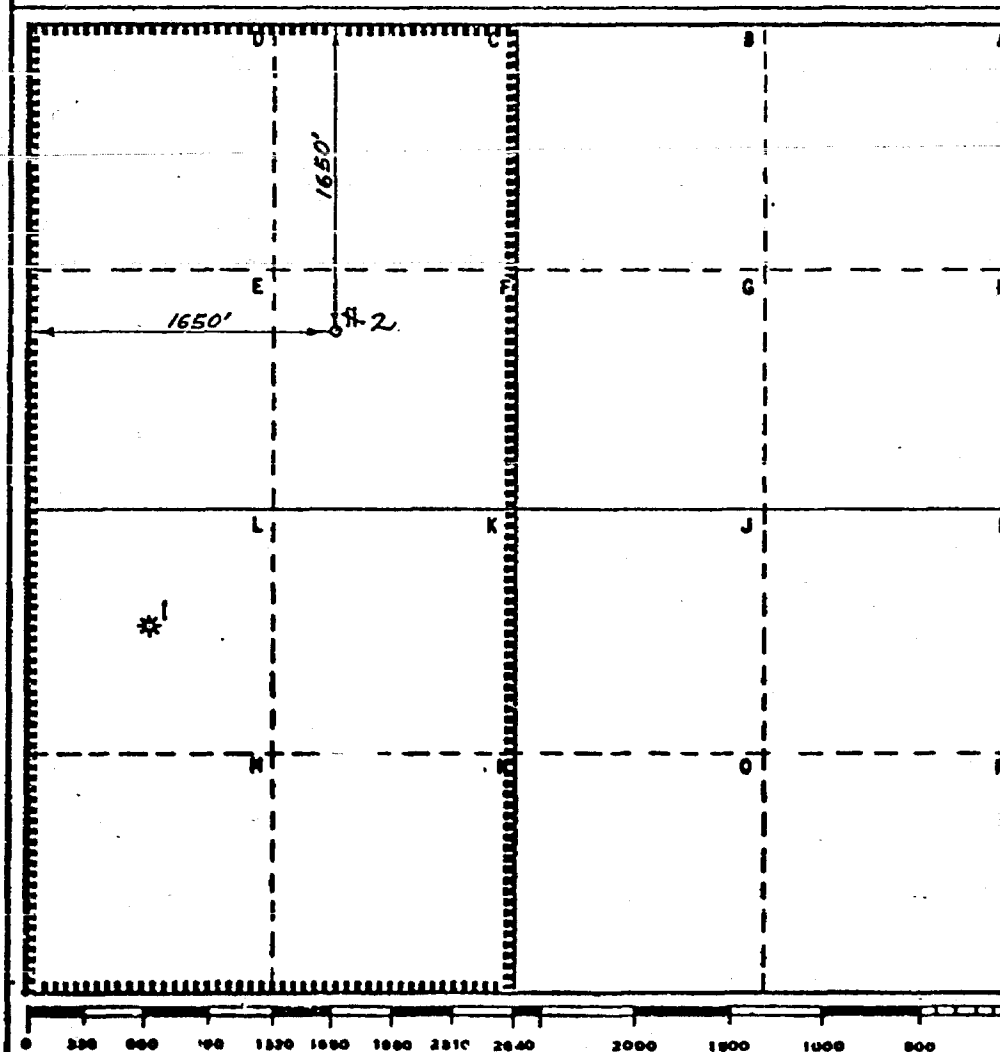
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|--|------------------------------------|------------------|--------------------------------|---------------|----------------|
| Operator Exxon Corporation | | | Lease A. J. Adkins Com. | | Well No. #2 |
| Unit Letter F | Section 10 | Township 21-S | Range 36-E | County Lea | |
| Actual Footage Location of Well: 1650 feet from the North line and 1650 feet from the West line | | | | | |
| Ground Level Elev: | Producing Formation Queen (Gas) | Pool Eumont | Dedicated Acreage 320 Acres | | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Melba Knippling
Position
Proration Specialist

Company Exxon Corporation
Box 1600 Midland, Texas

Date
5-11-79

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 knowledge and belief.

Date Surveyed
5-9-79

Registered Professional Engineer
and/or Land Surveyor

H. S. Hesterfeld
Certificate No.
1382

6.8 Miles NW. of Eunice, New Mexico

C.S. Sec. File No. W-A-7184

EXXON COMPANY, U.S.A.

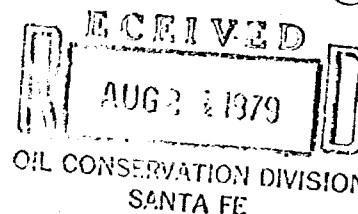
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702

PRODUCTION DEPARTMENT
MIDCONTINENT DIVISION

August 16, 1979

Request Simultaneous Dedication
of 320 Acre Proration Unit,
W/2 Sec. 10 T-21-S, R-36-E,
Lea County, New Mexico, to
A. J. Adkins Wells Nos. 1 & 2
(No. 2 New Completion)

Mr. J. D. Ramey, Secretary Director
Energy and Minerals Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Dear Sir:

Exxon respectfully requests administrative approval of simultaneous dedication of 320 Acre non standard unit, consisting of W/2 Sec. 10, T-21-S, R-36-E, Lea County, N. M., to A. J. Adkins Com, Well No. 1 & 2, with authority to produce from either in any proration. Well No. 1 is located in Unit "L" and No. 2 is located in Unit "F", Sec. 10, T-21-S, R-36-E. A plat of the area is attached.

Current production:

A. J. Adkins Com, Well No. 1 is a marginal well and has averaged 16,660/MCF/Mo. through May, 1979.

A. J. Adkins Com, Well No. 2 (new completion) Flow Test 7-23-79, 930 MCF/D.

Your consideration of this request will be appreciated.

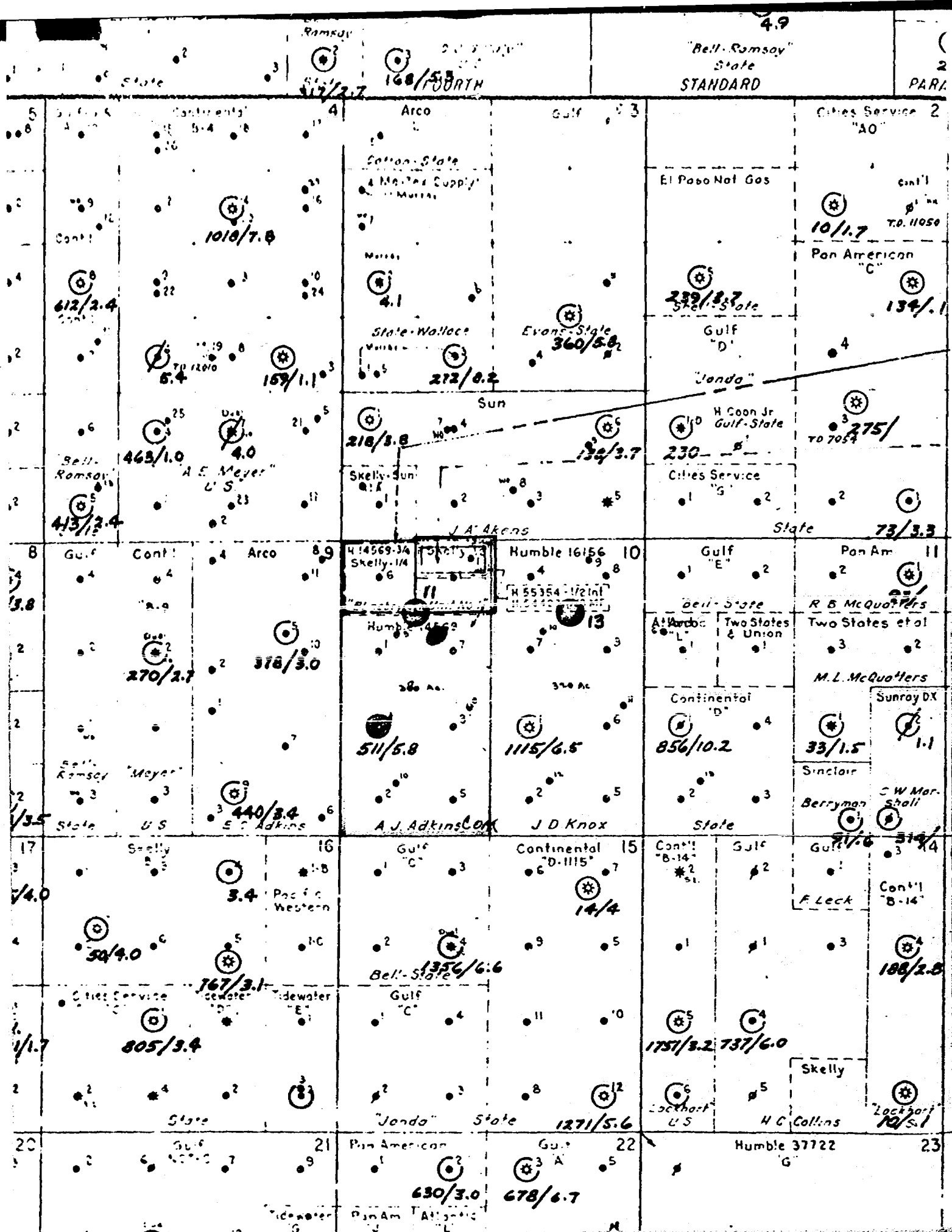
Yours very truly,

D. L. Clemmer
D. L. Clemmer, Unit Head
Revenue & Regulatory Accounting

DFL/DLC/dc
Attachment - plat

cc: OCC, Hobbs, N.M.

A DIVISION OF EXXON CORPORATION



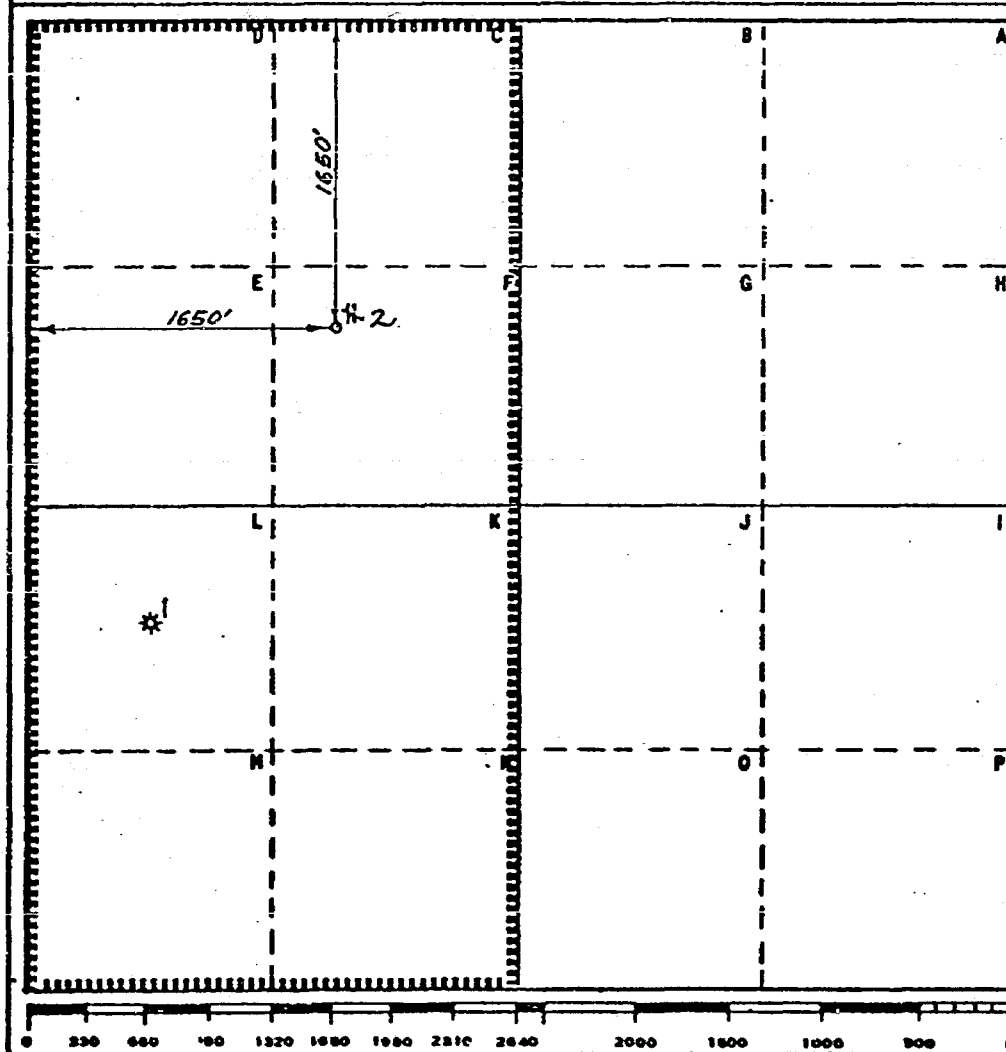
| | | | | |
|--|------------------------------------|----------------------------|---------------------------------|----------------|
| Operator Exxon Corporation | | Lease A. J. Adkins Com. | | Well No. #2 |
| Unit Letter F | Section 10 | Township 21-S | Range 36-E | County Lea |
| Actual Footage Location of Well: 1650 feet from the North line and 1650 feet from the West line | | | | |
| Ground Level Elev: | Producing Formation Queen (Gas) | Pool Eumont | Dedicated Acreage: 320 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Melba Kripling
Position
Proration Specialist

Company Exxon Corporation
Box 1600 Midland, Texas

Date
5-11-79

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 knowledge and belief.

Date Surveyed
5-9-79

Registered Professional Engineer
and/or Land Surveyor

H. S. Hesterfeld
Certificate No.
1382

6.8 Miles NW. of EUNICE, New Mexico

C.E. Sec. File No. W-A-7184

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 24, 1979

Mr. D. L. Clemmer, Unit Head
Revenue & Regulatory Accounting
Exxon Corporation
Post Office Box 1600
Midland, Texas 79702

Re: A. J. Adkins Com Wells
Nos. 1 and 2
Section 10, T-21-S, R-36-E

Dear Mr. Clemmer:

We are in receipt of your application dated August 16, 1979, for approval of simultaneous dedication for the above captioned wells. We are unable to approve this administratively and are therefore setting it for the examiner hearing to be held on September 19, 1979. A copy of the docket of this hearing will be forwarded to you as soon as it is printed.

Yours very truly,

Florene Davidson
Administrative Secretary

C
O
P
Y

- CASE 6658: Application of Texas Pacific Oil Company, Inc. for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the S/2 NE/4 and N/2 SE/4 of Section 14, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to its J. W. Cooper Well No. 8 at an unorthodox location 2010 feet from the North line and 2310 feet from the East line of said Section 14.
- CASE 6659: Application of Amoco Production Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in several unlined surface pits located in Sections 27, 34 and 35, Township 18 South, Range 31 East.
- CASE 6660: Application of B. & W. Oil Reclaiming for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NE/4 NE/4 NE/4 of Section 34, Township 18 South, Range 26 East.
- CASE 6661: Application of LaRue and Muncy for an exception to R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order R-111-A to permit a well to be drilled in Unit C of Section 22, Township 18 South, Range 30 East, Leo Queen-Grayburg Pool, to be cased by setting surface casing at the top of the salt, circulating cement on the oil string, and omitting the intermediate casing required by R-111-A; applicant further requests special rules to apply to all of Sections 15 and 22 of said township to permit additional wells to be completed in the same manner.
- CASE 6662: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla "A" Well No. 22Y located in Unit K of Section 24, Township 26 North, Range 4 West, to produce gas from the Blanco Mesaverde Pool through tubing and to commingle and produce the Wildhorse Gallup and Basin-Dakota zones through a parallel tubing string.
- CASE 6663: Application of Doyle Hartman for an unorthodox well location and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a well at an unorthodox location 330 feet from the South line and 2310 feet from the West line of Section 36, Township 23 South, Range 36 East, Jalmat Gas Pool, is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.
- CASE 6664: Application of Doyle Hartman for an unorthodox well location, two non-standard proration units and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 SW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 1, and also a 120-acre unit comprising the E/2 SW/4 and SW/4 SW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the South and West lines of the section; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.
- CASE 6647: (Continued from September 5, 1979, Examiner Hearing)
- Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Seven Rivers well to be located 1650 feet from the North line and 330 feet from the East line of Section 15, Township 24 South, Range 36 East, Jalmat Gas Pool, the NE/4 of said Section 15 to be dedicated to the well.
- CASE 6665: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 22 and 23, Township 19 South, Range 29 East, and Section 19, Township 19 South, Range 30 East.
- CASE 6666: Application of Exxon Corporation for a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 377.57-acre non-standard gas proration unit comprising Lots 1, 2, 3, and 4 and the N/2 N/2 of Section 36, Township 26 South, Range 25 East, and Lots 3 and 4 and the N/2 NW/4 of Section 31, Township 26 South, Range 26 East, to be dedicated to a Morrow test well to be located in Unit A of said Section 36.
- CASE 6667: Application of Exxon Corporation for a non-standard proration unit, an unorthodox well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a 320-acre non-standard gas proration unit comprising the W/2 of Section 10, Township 21 South, Range 36 East, Eumont Pool, to be simultaneously dedicated to its A. J. Adkins Com Well No. 1 located in Unit L, and to its Well No. 2, at an unorthodox location 1650 feet from the North and West lines of said Section 10.

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6667

Order No. R-6136

APPLICATION OF EXXON CORPORATION

FOR ~~A NON-STANDARD PRORATION UNIT~~, AN UNORTHODOX WELL LOCATION AND
SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 19, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of October, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Exxon Corporation, ^{authority to simultaneously dedicate a} seeks ~~approval of a~~ 320-acre non-standard gas proration unit comprising the W/2 of Section 10, Township 21 South, Range 36 East, NMPM, to ~~be dedicated to~~ its A. J. Adkins Com Well No. 1, ^{recently drilled} located in Unit L, and to its Well No. 2, at an unorthodox location 1650 feet from the North line and 1650 feet from the West line of said Section 10.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the ^{two} aforesaid wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

dedicate a
Exxon Corporation is hereby authorized to simultaneously
(1) That ~~a~~ 320 -acre non-standard gas proration unit in the Eumont Gas Pool comprising the W/2 of Section 10, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, ~~is hereby established and dedicated to its~~ A. J. Adkins Com Well No. 1, located in Unit L ~~of said~~ xxxxxxx and it Well No. 2, at an unorthodox location 1650 feet from the North ~~Section~~ line and 1650 feet from the West line of said Section 10.

(2) That 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.