



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



January 7, 1994

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Exxon Corporation
P. O. Box 1600
Midland, Texas 79702-1600

Attn: Alex M. Correa

Re: Division Case Nos. 10894 and 10886.

Dear Mr. Correa:

Reference is made to our telephone conversation today, per your request both of the subject cases currently scheduled for the January 20, 1994 examiners hearing are hereby continued to the February 3, 1994 docket.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
W. Thomas Kellahin - Santa Fe
Florine Davidson - OCD, Santa Fe

CASE 10870: (Continued from January 6, 1994, Examiner Hearing.)

Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128.

CASE 10893: Application of Samedan Oil Corporation for pool extension of and special pool rules for the Cline-Tubb Pool, Lea County, New Mexico. Applicant seeks the promulgation of special pool rules for the Cline-Tubb Pool including a provision for a gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil. The Cline-Tubb Pool consists of the SE/4 of Section 11, Township 23 South, Range 37 East, and applicant further seeks the extension of said pool to include the SW/4 of Section 12 in said township and range. Said area is located approximately 8 miles south of Eunice, New Mexico.

CASE 10894: Application of Exxon Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant seeks the formation of an 80-acre non-standard gas proration unit comprising the NW/4 NE/4 (Unit B) of Section 34 and the SW/4 SE/4 (Unit O) of Section 27, Township 21 South, Range 37 East, Blinebry Oil and Gas Pool, to be dedicated to its F. F. Hardison "B" Well No. 4 located 660 feet from the North line and 1980 feet from the East line of said Section 34. Said well currently has a 40-acre non-standard gas proration unit authorized by Administrative Order No. NSP-1618. Said unit is located approximately in Eunice, New Mexico.

CASE 10895: Application of Exxon Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant seeks the formation of a 120-acre non-standard gas proration unit comprising the NW/4 SE/4 (Unit J), the NE/4 SE/4 (Unit I), and the SE/4 SE/4 (Unit P) of Section 27, Township 21 South, Range 37 East, Blinebry Oil and Gas Pool, to be simultaneously dedicated to its F. F. Hardison Well No. 7 located 660 feet from the South and East lines and Well No. 8 located 1980 feet from the South line and 660 feet from the East line, both in said Section 27. Said wells currently have a 120-acre non-standard gas proration unit and simultaneous dedication authorized by Administrative Order No. NSP-1482(SD). Said unit is located approximately in Eunice, New Mexico.

CASE 10886: (Continued from December 16, 1993, Examiner Hearing.)

Application of Exxon Corporation for acreage reorientation and for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to reorient the existing acreage currently dedicated in the Blinebry Gas Pool to its New Mexico "S" State Well No. 12, being the 79.50 acres comprising Lots 1 and 2 (N/2 NE/4 equivalent) of Section 2, Township 22 South, Range 37 East, and its New Mexico "S" State Well No. 14, being the 39.78 acres comprising Lot 3 (NE/4 NW/4 equivalent) of said Section 2, both non-standard units previously approved by Division Administrative Orders NSP-954-A and NSP-1599, respectively. The applicant now proposes to combine Lots 2 and 3 (the NW/4 NE/4 and NE/4 NW/4 equivalents) of said Section 2 to form a non-standard 79.52-acre gas spacing and proration unit in the Blinebry Gas Pool for the No. 14 well located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2 and to dedicate the remaining 39.74 acres comprising Lot 1 (NE/4 NE/4 equivalent) to the No. 12 located 660 feet from the North and East lines (Unit A) of said Section 2. This acreage is located approximately two miles east southeast of Eunice, New Mexico.

CASE 10896: Application of The Wiser Oil Company to authorize the expansion of the Maljamar Grayburg Unit Waterflood Project and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Maljamar Grayburg Unit in Sections 2, 3, 4, 8, 9, 10, 11, 14, and 15, Township 17 South, Range 32 East, Maljamar Grayburg-San Andres Pool, for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five-spot injection patterns. Said project area is centered in Maljamar, New Mexico.

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

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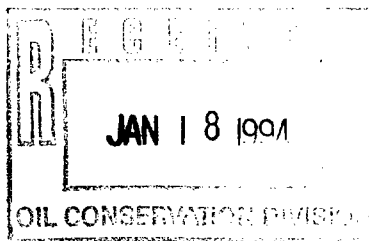
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SCOTT A. SHUART*
DARREN L. BROOKS
CHRISTINE E. LALE
PAUL G. NASON
DARLA M. SILVA

*NOT LICENSED IN NEW MEXICO

January 18, 1994

HAND DELIVERED

William J. LeMay
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501



Re: Case Nos. 10894, 10895, and 10886 (Exxon Corporation)

Dear Mr. LeMay:

Please continue the above cases to the February 3, 1994 docket.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

James Bruce
Attorneys for Exxon Corporation

JB:jr

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

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February 7, 1994

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HAND DELIVERED

Jim Morrow
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

FEB - 7 1994

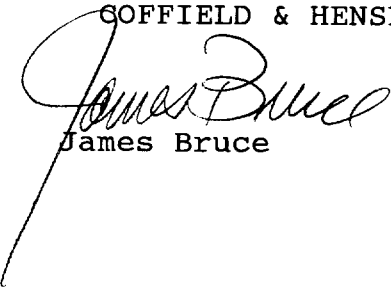
Re: **Case Nos.: 10886, 10894, and 10895 (Exxon Corporation)**

Dear Mr. Morrow:

It has come to my attention that when we submitted exhibits to you at the hearing, we neglected to submit the original affidavits regarding notice. Enclosed are the original affidavits.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:jr
Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

**APPLICATION OF EXXON CORPORATION
FOR ACREAGE REORIENTATION AND
TWO NON-STANDARD GAS PRODUCTION
UNITS, LEA COUNTY, NEW MEXICO**

CASE NO. 10886

AFFIDAVIT REGARDING NOTICE

**STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)**

Alejandro M. Correa, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18 and have personal knowledge of the matters stated herein.

2. I am an employee of Applicant herein.

3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Application herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by certified mail, a copy of the Application. Copy of the notice letter and certified return receipts are attached hereto.

5. The notice provisions of Rule 1207 have been complied with.

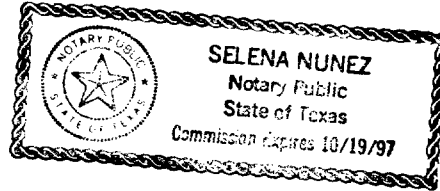

Alejandro M. Correa

SUBSCRIBED AND SWORN TO before me this 2 day of February, 1994, by Alejandro M. Correa.

Selena Nunez
Notary Public

My Commission Expires:

10-19-97





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

February 17, 1994

RE: Case No. 10886
Order No. R-10063

Mr. James Bruce
Hinkle, Cox, Eaton,
Coffield & Hensley
Attorneys at Law
Post Office Box 2068
Santa Fe, New Mexico 87504-2068

Dear Mr. Bruce:

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

Sincerely,

Florene Davidson
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

NEW MEXICO OIL CONSERVATION DIVISION
REC'D
NOV 8 1993

WAIVER

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

This is to advise that the undersigned has been given due notice that Exxon Corp. has made application for Non-Standard Gas Proration Units in the Blinebry (Pro Gas) (Consolidated) for the Exxon New Mexico "S" State wells # 12 (40 acs.) and # 14 (80 acs).

We, the undersigned, hereby waive any objection to the granting of this application for Non-Standard Gas Proration Units in the Blinebry (Pro Gas) (Consolidated) for the Exxon New Mexico "S" State wells #12 (40 acs) and # 14 (80 acs). Both wells are in Section 2, T22S - R37E, Lea County, NM. The # 12 is located 660' FNL & 770' FEL and the # 14 is 660' FNL & 1980' FWL.

Executed this 1st day of November, 1993.

Company Chevron U.S.A. Production Co.

By F.S. Godbold III



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
RECEIVED OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

'93 OCT 26 AM 9 43

BRUCE KING
GOVERNOR

October 26, 1993

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 _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Exxon Co.	New Mexico S State	#12-A	2-22-37
Exxon Co.	New Mexico S State	#14-C	2-22-37
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

OK

Yours very truly

Jerry Sexton
Jerry Sexton
Supervisor, District 1

OIL CONSERVATION DIVISION
RECEIVED

1993 OCT 25 AM 9 02

WAIVER

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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Executed this 22 day of October, 1993.

Company John A. Hendrix Corp.
By William H. Westbrook

(4) 39.75	(3) 39.76	(2) 39.76	(1) 39.74

SECTION 2

TOWNSHIP 22 South

RANGE 77 East



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

November 17, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ANITA LOCKWOOD
CABINET SECRETARY

Exxon Corporation
P.O. Box 1600
Midland, TX 79702-1600

Attention: Alex M. Correa

RE: *Acreege redesignation for the New Mexico "S" State Well Nos. 12 and 14; Lots 1, 2, and 3, Section 2, Township 22 South, Range 37 East, NMPM, Blinebry Oil and Gas Pool, Lea County, New Mexico.*

Dear Mr. Correa:

I have reviewed the subject application, which was received on November 8, 1993, thoroughly and with great interest. As you are probably aware, there have been quite a few administrative orders issued in Section 2 concerning acreage dedication and re-dedication for the Blinebry Oil and Gas Pool over the years.

During this time the administrative procedures for establishing non-standard units in the Blinebry Pool have gone through a few changes also. For instance, Rule 5(c)3 of Order No. R-1670-N allowed for gas units of 160-acres to cross governmental quarter sections; Order R-8170 rescinded this practice as Rule 2(a)4(2) took effect, which restricted non-standard to the confines of a single governmental quarter section. This portion of Order R-8170 has been omitted by R-8170-H, whereby this procedure now falls under the Division's General Rules and Regulations [Rule 104.D(2)], which contains a similar restriction on the formation of 160-acre non-standard gas spacing and proration units.


It has been my opinion, and recommendation to the Division Director, that these re-promulgations of rules were not intentionally meant to further restrict the procedures in obtaining administrative approval for forming such non-standard units. Regardless, this was the result. I am aware that the Division has issued several orders in the past where Blinebry non-standard gas spacing units crossed quarter section lines (NSP-1667, NSP-1668 and NSL-955), however, recent activity in another pool governed under Order No. R-8170-H has led us to reconsider such activity at this time. Therefore, all applications for non-standard units in the Blinebry Gas Pool that are not confined to a single governmental quarter section will no longer be processed administratively.

Exxon Corporation
Attention: Alex M. Correa
November 17, 1993
Page 2

This particular application will therefore require a hearing before such an order can be issued. I have set this matter on the next available docket scheduled for December 16, 1993.

Should you have any questions or comments concerning this matter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - William J. LeMay, Director
Oil Conservation Division - Jim Morrow, Chief Engineer
Oil Conservation Division - Hobbs

be that point encountered at a depth of 5921 feet (elevation 3380', sub-sea datum -2541') in the Exxon Corporation State "S" Well No. 20, located in the SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(14) That in order to prevent waste and to protect correlative rights, the recommended pool rules for the Blinebry Oil and Gas Pool, as presented at the hearing by the Blinebry Pool Study Committee, should, with minor modification, be adopted and made applicable to the Blinebry Oil and Gas Pool as defined in Finding No. (13) above and on Exhibit "A" attached to this order.

IT IS THEREFORE ORDERED:

(1) That there is hereby created and defined as described in Rule 25 below and in Exhibit "A" attached hereto and made a part hereof, the Blinebry Oil and Gas Pool.

(2) That the aforesaid Blinebry Oil and Gas Pool shall be subject to the following special rules and regulations which are hereby adopted as an amendment to Order No. R-1670, "Rules and Regulations Governing Prorated Gas Pools in New Mexico."

II SPECIAL RULES AND REGULATIONS FOR THE BLINEBRY OIL AND GAS POOL

(The Blinebry Pool was created February 17, 1953, and prorationing was instituted January 1, 1954.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Each well completed or recompleted in the Blinebry Oil and Gas Pool or in the Blinebry formation within one mile thereof and not nearer to nor within the boundaries of another pool producing from the Blinebry formation, shall be spaced, drilled, operated, and prorated in accordance with the rules for the Blinebry Oil and Gas Pool as set forth herein.

RULE 2 (a). After the effective date of this order, each well drilled or recompleted as an oil well, or as a gas well to which no more than 40 acres shall be dedicated, shall be located not closer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(b) After the effective date of this order, no well drilled as a gas well and to which is dedicated, or to which will be dedicated, more than 40 acres shall be located nearer than 660 feet to the outer boundary of its proration unit or of the quarter section and not nearer than 330 feet to any governmental quarter-quarter section line or subdivision line.

RULE 3. The Secretary-Director of the Commission may grant an exception to the footage requirements of Rule 2 (a) or 2 (b) without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application. If any written objection is received, or at the direction of the Secretary-Director, any such application may be set for hearing. An unorthodox location may be subject to an allowable adjustment if it is directly offsetting another producing well.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Blinebry Oil and Gas Pool.

RULE 5 (A). Each gas well within the Blinebry Oil and Gas Pool shall be located on a standard proration unit consisting of approximately 160 acres which shall comprise a governmental quarter section. For purposes of these rules, a unit consisting of between 158 and 162 contiguous surface acres shall be considered a standard unit.

RULE 5 (B). Each oil well within the Blinebry Oil and Gas Pool shall be located on a standard unit consisting of approximately 40 acres which shall comprise a governmental quarter-quarter section or lot.

RULE 5 (C) 1. The District Supervisor of the Hobbs district office of the Commission shall have authority to approve a non-standard unit as an exception to Rule 5 (A) or 5 (B) without notice and hearing when the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than 75 percent nor more than 125 percent of a standard unit.

2. The District Supervisor may approve the non-standard unit by:

(a) accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(b) assigning an allowable to the non-standard unit.

3. The Secretary-Director may grant an exception to the requirements of Rule 5 (A) without notice and hearing where an application has been filed in due form and where the unorthodox size and shape of the tract is due to a variation in legal subdivisions of the United States Public Lands Survey or where the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of contiguous quarter-quarter sections or lots.
- (b) The non-standard unit consists of not more than 164 acres and lies wholly within a single governmental section.
- (c) The entire non-standard unit may reasonably be presumed to be productive of gas from the Blinebry Oil and Gas Pool.
- (d) The applicant presents written consent in the form of waivers from all offset operators, and from all operators owning interests in the quarter section in which any part of the non-standard unit is situated and which acreage is not included in the non-standard unit.
- (e) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of its intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 20 days, no such operator has entered an objection to the formation of the non-standard unit.
- (f) The Secretary-Director may grant an exception to Provision (a) above if a completion, re-completion, or reclassification of a Blinebry well results in dedication of acreage to an oil well on a previously approved gas proration unit, and thereby severs acreage contained in said unit from the gas well which produces for the unit.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 8 (A). The total allowable to be allocated to gas wells in the pool regulated by this order each month shall be equal to the sum of the "Preliminary" or "Supplemental" Nominations (whichever is applicable) together with any adjustment which the Commission deems advisable. The allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal gas wells entitled to an allowable in the proportion that each well's acreage factor

- 2) Assigning an allowable to the non-standard GPU.

RULE 2(a)4 NON-STANDARD PRORATION UNIT APPROVAL PROCEDURE AT DIRECTOR LEVEL: The Director of the Division may grant an exception to the requirements of Rule 2(a)2 when the unorthodox size or shape of the GPU is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys and the non-standard GPU is less than 75% or more than 125% of a standard GPU, or where the following facts exist and the following provisions are complied with:

1) The non-standard GPU consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

2) The non-standard GPU lies wholly within a governmental subdivision or subdivisions which would be a standard GPU for the well (quarter-section, half-section, or section) but contains less acreage than a standard GPU.

3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter-section, half-section, or section (for 160-acre, 320-acre, 640-acre standard dedications respectively) in which the non-standard GPU is situated and which acreage is not included in said non-standard GPU.

4) In lieu of Paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the aforesaid offset operators were notified by registered or certified mail of his intent to form such non-standard GPU. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard GPU within 20 days after Director has received the application.

RULE 2(b) WELL LOCATION: Each well drilled or completed on a spacing and proration unit governed by these rules, including approved non-standard GPUs, shall be located as provided below:

(1) NORTHWEST NEW MEXICO

STANDARD PRORATION UNIT

LOCATION REQUIREMENTS

160 acres

Not closer than 790 feet to the outer boundary of the tract, nor closer than 130 feet to any quarter-quarter

allowable not produced on a GPU. Underproduction accumulates month to month during the proration period.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2 STANDARD GAS PRORATION UNIT SIZE AND WELL SPACING

(a) Unless otherwise provided for in applicable special pool rules gas wells in prorated gas pools shall be drilled in accordance with the well spacing and acreage requirements contained in the Rules and Regulations of the Oil Conservation Division, provided that wells drilled in pools with 640 acre spacing, a government section shall comprise the proration unit.

(b) Any GPU drilled in accordance with paragraph (a) and which contains acreage within the tolerances below shall be considered a standard GPU for the purpose of calculating allowables:

<u>STANDARD PRORATION UNIT</u>	<u>ACREAGE TOLERANCE</u>
160 acres	158-162 acres
320 acres	316-324 acres
640 acres	632-648 acres

(c) The District Supervisor of the appropriate district office of the Division has the authority to approve a non-standard GPU without notice and hearing when the unorthodox size and shape of the GPU is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys and the non-standard GPU is not less than 75% nor more than 125% of a standard GPU by accepting a form C-102 land plat showing the proposed non-standard GPU with the number of acres contained therein, and shall assign an allowable to the non-standard GPU based upon the acreage factor for that acreage.

(d) Non-standard proration units and unorthodox locations may be approved by the Division in accordance with applicable special pool rules or Rules and Regulations of the Division.

RULE 3(a) GAS PURCHASERS OR GAS TRANSPORTERS SHALL NOMINATE: Each gas purchaser or each gas transporter as herein provided shall file with the Division its nomination for the amount of gas which it in good faith desires to purchase and/or expects to transport

governmental section, being a legal subdivision of the U.S. Public Land Surveys. Any such well having more than 160 acres dedicated to it shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purposes of this rule, "side" boundary and "end" boundary are as defined in Section B 1(a) of this rule.)

(3) San Juan, Rio Arriba, and Sandoval Counties.

(a) See Wellbore. Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

(4) All Counties except Lea, Chaves, Elly, Roosevelt, San Juan, Rio Arriba and Sandoval.

(a) See Wellbore. Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

D. WELLS ASSIGNMENT, COMPLETED WELLS

(1) Well Tests and Classification. It shall be the responsibility of the operator of any wildcat gas well or development gas well to which more than 40 acres has been dedicated to conduct a potential test within 30 days following completion of the well and to file the same with the Division within 10 days following completion of the tests. (See Rule 401.)

(a) Date of completion for a gas well shall be the date a Christmas tree is installed or 30 days following conclusion of active completion work on the well, whichever date comes first.

(b) Upon making a determination that the well should not properly be classified as a gas well, the Division will reduce the acreage dedicated to the well.

(c) Failure of the operator to file the aforesaid tests within the specified time will also subject the well to such acreage reduction.

(2) Non-Standard Wells. Any completed gas well which does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed may not be produced until a standard unit for the well has been formed and dedicated or until a non-standard unit has been approved.

(a) The Division Director may grant administrative approval to non-standard gas wells without notice and hearing when an application has been filed for a non-standard unit and the wellbore size or shape of the unit is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys, or the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(11) The non-standard unit lies wholly within a single governmental quarter section if the well is completed in a pool or formation for which 160 acres is the standard unit size or wholly within a single governmental half section if the well is completed in a pool or formation for which 320 acres is the standard unit size.

(111) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section (for 160-acre pools or formations) or the half section (for 320-acre pools or formations) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(1v) In lieu of paragraph (p) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Director has received the application.

E. From C-101, Application for Permit to Drill, Deepen, or Plug Back for any well shall designate the exact legal subdivision allotted to the well and no Form C-101 will be approved by the Division or any of its agents without such proper designation of acreage.

F. WORTHOOD LOCATIONS

(1) The Division Director shall have authority to grant an exception to the well location requirements of Sections B and C above without notice and hearing when the necessity for such wellbore location is based upon topographical conditions, the reconstruction of a well previously drilled to a deeper horizon, provided said well was drilled at an orthobox or approved worthobox location for such original horizon, or to permit the completion of an efficient production and injection pattern within a secondary recovery or pressure maintenance project, provided that any such worthobox location within such project is no closer than 330 feet to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(2) The Division Director shall have authority to grant an exception to the well location requirements of Rule 104 B.I.(a) and Rule 104 C.II.(a) without notice and hearing when the necessity for such worthobox location is based upon geologic conditions provided that any such worthobox location shall be no closer than 660 feet to the nearest side boundary nor closer than 990 feet to the nearest end boundary of the protection unit.

(3) Applications for administrative approval of worthobox locations shall be filed in triplicate and shall be accompanied by plat, showing the ownership of all leases offsetting the protection or spacing unit for which the worthobox location is sought, and also all wells completed thereon. If the proposed worthobox location is based upon topography, the plat shall also show and describe the existent topographical conditions. If the proposed worthobox location is based upon completion of an efficient production and injection pattern, the plat shall also show the project outline identifying all producing and injection wells therein, and the applicant shall further include a statement setting forth the necessity for such location. If the proposed worthobox location is based upon geology as provided in Paragraph (2) above, the application shall include appropriate geologic maps, cross-sections, and/or logs, and a discussion of the geologic conditions which result in the necessity for the worthobox location.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

May 3, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
5051827-5800

Exxon Corporation
P. O. Box 1600
Midland, Texas 79702-1600

Attention: Alex M. Correa

Administrative Order NSP-1668(SD)(L)

Dear Mr. Correa:

Reference is made to your applications dated February 8, March 23, and April 13, 1993 for re-dedication of acreage in the Blinebry Oil and Gas Pool on Exxon's New Mexico "S" State Lease located in Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

Currently, in the eastern half of said Section 2, a standard 160-acre gas spacing and proration unit comprising the SE/4 is dedicated to the No. 23 well, located at a standard gas well location 990 feet from the South and East lines (Unit P) of said Section 2 (see this well's C-102 dated March 20, 1992 which rededicated acreage from a 120-acre non-standard gas spacing and proration unit approved by Order NSP-1617).

The Blinebry Pool in the NE/4 equivalent of said Section 2 is being developed as follows:

- Well No. 12 660' FNL-760' FEL (Unit A) is dedicated to a 79.50-acre non-standard gas spacing unit comprising Lots 1 and 2 (N/2 NE/4 equivalent), which was previously approved by Division Order NSP-945-A and dated March 16, 1993;
- Well No. 32 2300' FNL-1980' FEL (Unit G) is dedicated to a standard 40-acre oil proration unit comprising the SW/4 NE/4; and,
- Well No. 31 1660' FNL-810' FEL (Unit H) was dedicated to a standard 40-acre oil proration unit comprising the SE/4 NE/4.

Administrative Order NSP-1668(SD)(L)

Exxon Corporation

May 3, 1993

Page 2

It is our understanding at this time that Exxon seeks to form a non-standard 120-acre gas spacing and proration unit comprising the W/2 SE/4 and SE/4 SE/4 of said Section 2 and simultaneously dedicate Blinebry gas production from the No. 23 well with the No. 33 well, which is presently dually completed in the Drinkard and Wantz Granite Wash zones and upon issuance of an order in this matter will abandon the Granite Wash interval and recomplate said well as a dual Blinebry Gas/Drinkard producer. Said Well No. 33 is located at an unorthodox Blinebry gas well location 380 feet from the South line and 860 feet from the East line (Unit P) of said Section 2. Also the location of the No. 23 well is now considered to be unorthodox for this particular 120-acre unit.

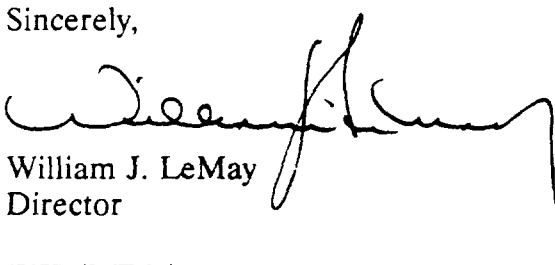
Also, an 80-acre non-standard gas spacing and proration unit comprising the SE/4 NE/4 and NE/4 SE/4 of said Section 2 is to be dedicated to the No. 31 well, which has recently been reclassified as a gas well in the Blinebry zone. Further, the location of the No. 31 well is also considered to now be non-standard for said 80-acre unit.

By authority granted me under the provisions of Rules 4(b)2 and 2 (c) and (d) of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above-described acreage rededication and formation of the 120-acre and 80-acre non-standard gas spacing and proration units and the resulting non-standard gas well locations are hereby approved.

Further, Division Administrative Order NSP-1617 is hereby rescinded.

In light of an error on the part of the Division that caused a delay in approval of this application, the effective date of this order shall be made retroactive to March 2, 1993, which depicts the required 20-day waiting period following the February 10, 1993 receipt date of the original application.

Sincerely,


William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: NSP-1617



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
(505) 827-5800

May 3, 1993

Exxon Company, USA
P.O. Box 1600
Midland, TX 79702-1600

Attention: Alex M. Correa, Administrative Specialist

Administrative Order NSP-1667

Dear Mr. Correa:

Reference is made to your application dated February 5 and March 25, 1993 for an 80-acre non-standard gas spacing and proration unit consisting of the following acreage in the Blinebry Oil and Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: SW/4 NW/4 and NW/4 SW/4

It is my understanding that this unit is to be dedicated to your existing New Mexico "S" State Well No. 38 located at a standard gas well location 2100 feet from the North line and 660 feet from the West line (Unit E) of said Section 2.

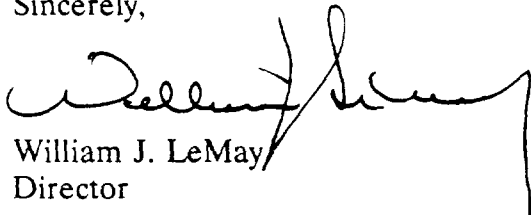
By authority granted me under the provisions of Rule 2(a)4 and 4(b)2 of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above non-standard gas spacing and proration unit is hereby approved.

In light of an error on the part of the Division that caused a delay in approval of this application, the effective date of this order shall be made retroactive to March 2, 1993, which depicts the required 20-day waiting period following the February 10, 1993 receipt date of the original application.

Administrative Order NSP-1667
Exxon Company, USA
May 3, 1993
Page 2

REMARKS: It is our understanding that the New Mexico "S" State Well No. 21, located 1980 feet from the South line and 500 feet from the West line (Unit L) of said Section 2 in which a non-standard 40-acre gas spacing and proration unit comprising the NW/4 SW/4 of said Section 2 is dedicated (NSP-1616, dated January 22, 1991) is to be abandoned from the Blinebry zone.

Sincerely,



William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: NSP-1616



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 23, 1991

Exxon Company, USA
P.O. Box 1600
Midland, TX 79702-1600

Attention: Alex M. Correa, Administrative Specialist

Administrative Order NSP-1617

Dear Mr. Correa:

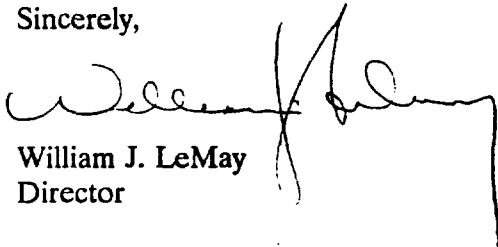
Reference is made to your application dated December 17, 1990 for a 120-acre non-standard gas proration unit consisting of the following acreage in the Blinebry Oil and gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: NE/4 SE/4 and S/2 SE/4

It is my understanding that this unit is to be dedicated to your existing New Mexico "S" State Well No. 23 located 990 feet from the South and East lines (Unit P) of said Section 2.

By authority granted me under the provisions of Rule 2(a)4 and 4(b) of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above non-standard gas proration unit is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 22, 1991

Exxon Company, USA
P.O. Box 1600
Midland, TX 79702-1600

Attention: Alex M. Correa, Administrative Specialist

Administrative Order NSP-1616

Dear Mr. Correa:

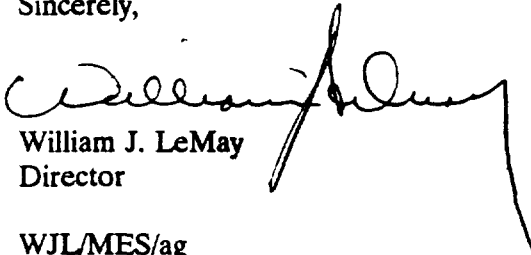
Reference is made to your application dated December 17, 1990 for a 40-acre non-standard gas proration unit consisting of the following acreage in the Blinebry Oil and gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: NW/4 NW/4

It is my understanding that this unit is to be dedicated to your existing New Mexico "S" State Well No. 21 located at a standard gas well location 1980 feet from the South line and 500 feet from the West line (Unit L) of said Section 2.

By authority granted me under the provisions of Rule 2(a)4 and 4(b) of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above non-standard gas proration unit is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: NSP-956

Administrative Order NSP-1616
Exxon Corporation
January 22, 1991
Page 2

REMARKS: Division Administrative Order NSP-956, dated July 1, 1974, which authorized a non-standard 160-acre gas spacing and proration unit for this well comprising the SW/4 NW/4, N/2 SW/4 and SE/4 SW/4 of said Section 2 is hereby rescinded.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

April 18, 1990

Exxon Company, USA
P.O. Box 1600
Midland, TX 79702-1600

Attention: Charlotte Harper

Administrative Order NSP-1599

Dear Ms. Harper:

Reference is made to your application dated January 24, 1990 for a 40.60-acre non-standard gas proration unit consisting of the following acreage in the Blinebry Oil and Gas Pool:

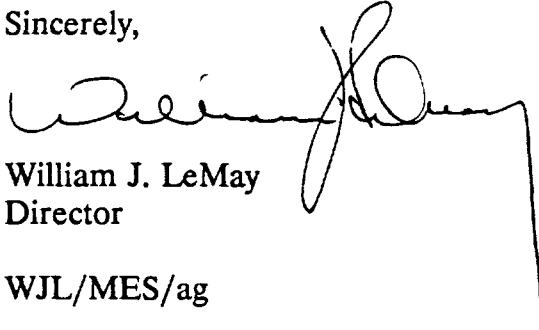
LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: Lot 3

It is my understanding that this unit is to be dedicated to your New Mexico "S" State Well No. 14 located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2.

By authority granted me under the provisions of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above non-standard gas proration unit is hereby approved.

Exxon Corporation
Administrative Order NSP-1599
April 18, 1990
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long vertical line extending downwards from the end of the signature.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: NSP-955

REMARKS: Division Administrative Order NSP-955, dated July 1, 1974, which authorized a non-standard 160-acre, more or less, gas spacing and proration unit for said well in the Blinebry Oil and Gas Pool comprising the N/2 NW/4, SE/4 NW/4 and SW/4 NE/4 of said Section 2 is hereby held in abeyance until further notice.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

July 1, 1974

C
O
P
Y
Exxon Company
P. O. Box 1600
Midland, Texas 79701

Attention: R. W. Bowdon

Administrative Order NSP-955

Gentlemen:

Reference is made to your application for a 160-acre non-standard gas proration unit consisting of the following acreage:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: N/2 NW/4, SE/4 NW/4 & SW/4 NE/4

It is understood that this unit is to be dedicated to your New Mexico "S" State Well No. 14 located 660 feet from the North line and 1980 feet from the West line of said Section 2.

By authority granted me under the Provisions of Order No. R-1670-N, as amended, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/dr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
State Land Office - Santa Fe
Proration Department, OCC - Santa Fe



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

March 16, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ANITA LOCKWOOD
CABINET SECRETARY

Exxon Corporation
P.O. Box 1600
Midland, TX 79702-1600

Attention: Alex M. Correa

Administrative Order NSP-954-A

Dear Mr. Correa:

Reference is made to your application dated February 15, 1993 for a 79.50-acre non-standard gas spacing and proration unit consisting of the following acreage in the Blinebry Oil and Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: Lots 1 and 2 (N/2 NE/4 equivalent)

It is my understanding that this unit is to be dedicated to your New Mexico "S" State Well No. 12 located at a standard gas well location 660 feet from the North line and 760 feet from the East line (Unit A) of said Section 2.

By authority granted me under the provisions of Rule 2 of the Special Rules and Regulations for the Blinebry Oil and Gas Pool as promulgated by Division Order No. R-8170, as amended, you are hereby authorized to operate the above-described acreage as a non-standard gas spacing and proration unit, with allowable to be assigned thereto in accordance with Rule 5 of said pool rules based upon the unit size of 79.50 acres.

Further, Division Administrative Order NSP-954, dated July 1, 1974, which authorized a 120-acre non-standard Blinebry gas proration unit comprising the N/2 NE/4 equivalent and the SE/4 NE/4 of said Section 2, for the aforementioned well is hereby superseded by this order.

Sincerely,

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: NSP-954

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

July 1, 1974

Exxon Corporation
P. O. Box 1600
Midland, Texas 79701

Attention: R. W. Bowdon

Administrative Order NSP-954

Gentlemen:

Reference is made to your application for a 120-acre non-standard gas proration unit consisting of the following acreage:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: N/2 NE/4 & SE/4 NE/4

It is understood that this unit is to be dedicated to your New Mexico "S" State Well No. 12 located 660 feet from the North line and 760 feet from the East line of said Section 2.

By authority granted me under the Provisions of Order No. R-1670-N, as amended, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/dr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
State Land Office - Santa Fe
Proration Department, OCC - Santa Fe

COPY