

CASE NO.

7464

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
20 January 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Exxon Corporation
for two unorthodox oil well loca-
tions, Lea County, New Mexico.

CASE
7464

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad E. Coffield, Esq.
Hinkle Law Firm
P. O. Box 3580
Midland, Texas 79701

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I N D E X

MARK RIGGLE

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E X H I B I T S

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Applicant Exhibit Three, Log	7
Applicant Exhibit Four, Isopach	8

MR. STAMETS: We'll call next Case 7464.

MR. PEARCE: Application of Exxon Corporation for two unorthodox oil well locations, Lea County, New Mexico.

MR. COFFIELD: Mr. Examiner, I'm Conrad Coffield, with the Hinkle Law Firm in Midland, Texas, and I have one witness who needs to be sworn.

(Witness sworn.)

MARK RIGGLE

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Riggle, for the record would you please state your name, address, occupation, and employer?

A Yes, sir. My name is Mark Riggle. My address is 804 Northeast First, Andrews, Texas. My occupation is geologist, and my employer is Exxon Company USA, Andrews, Texas.

Q Have you previously testified before the Division as a geologist, Mr. Riggle?

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Q And would you please, for the record,
and for the Examiner's information, give a brief resume of
your educational background and your work experience?

A Yes, sir. I received a Bachelor of
Science in geology in 1976 from Wright State University in
Dayton, Ohio.

I received a Master of Science in
geology from Wright State University in Dayton, Ohio, in
1981.

I'm a member of AAPG and I have been
working with Exxon as a geologist for a year and a half.

Q Mr. Riggle, are you familiar with Exxon's
application in this case?

A Yes, sir.

Q And are you familiar with the property
involved and the geological features pertinent to the pro-
posed well locations involved here?

A Yes, sir.

MR. COFFIELD: Mr. Examiner, we tender
Mr. Riggle as an expert in this matter.

MR. STAMETS: He is considered quali-
fied.

Q Mr. Riggle, would you please state what
it is that Exxon is seeking by the application?

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A. Yes, sir. The applicant seeks approval

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for two unorthodox oil well locations in Section 4, Township

4

19 South, Range 35 East, in the Scharb-Bone Springs Pool.

5

These are the State DD Well No. 1 to be drilled in the center

6

of the southeast quarter of the southwest quarter, and State

7

DD Well No. 3, to be drilled in the center of the northwest

8

quarter of the northeast quarter. Pool rules require wells

9

to be drilled in the northeast quarter or the southwest

10

quarter of a quarter section.

11

Q Very briefly state, Mr. Riggle, what

12

would you say the factors are which caused Exxon to seek the

13

approval of this particular -- this particular application?

14

A. Geological interpretation indicates

15

that orthodox locations in the northeast quarter of the

16

southwest quarter for the No. 1 Well, and in the southwest

17

quarter of the northeast quarter for the No. 3 Well would

18

be marginal wells at best.

19

The unorthodox locations requested will

20

provide a substantially enhanced opportunity for Exxon to

21

have successful completions in these wells.

22

Q Okay, Mr. Riggle, go to what we've

23

marked as Exhibit One and briefly describe that exhibit.

24

A. Exhibit One is an index map showing the

25

location of the Scharb area, and the Scharb area is located

1
2 by the red arrow. The scale on this map is one inch equals
3 six miles and, as I stated, the Scharb area is shown by the
4 red arrow, and it's located in southeast New Mexico in Lea
5 County, and is approximately seventeen miles west of the
6 City of Hobbs, New Mexico.

7 Q Mr. Riggle, would you please briefly
8 discuss the general nature and characteristics of the Bone
9 Spring formation insofar as these matters apply to this par-
10 ticular application?

11 A Yes, sir. The lithology of the Bone
12 Springs pay is considered to be light to dark brown, very
13 fine to medium crystalline, fossiliferous detrital dolomite.
14 It may be fractured and has had intercrystalline and vuggy
15 porosity. It's generally considered to be a stratigraphic
16 trap and a stratigraphic accumulation of fossil debris and
17 possible reef detritus deposited on a low relief structure.

18 Q Okay, would you go to what we've marked
19 as Exhibit Two and describe the features of that exhibit to
20 the Examiner?

21 A Yes, sir. Exhibit Two is a structure
22 contour map on the top of the first Bone Spring. The scale
23 on this map is 1-to-2000 and the contour interval is 50
24 feet.

25 This map shows several things. It

shows, if we look at the contours first, it shows a gradual or a slight regional dip to the south or southwest of about two to two and a half degrees. It also shows the Exxon acreage outlined in yellow. It shows the two wells in question, the DD Well No. 1, which is the lower red dot towards the center of the page; the upper red dot is the Exxon DD No. 3 Well.

I might add that the structure is not of major concern in this case, as the trap is considered to be generally a stratigraphic type trap.

Q In that connection, then, Mr. Riggle, why don't you go ahead and also discuss Exhibit Three, if you're ready for that.

A All right. Exhibit Three is a type log and this is also marked -- the location of this log is also marked on Exhibit Two in Section 4, there.

This is a type log of the Southland Royalty Scharb No. 1 Well, and shows two things. It shows the top of the first Bone Spring and it shows the pay interval of that well.

This contour map, the structure map, Exhibit Two, is contour of the first Bone Spring, as shown on this type log. This is not to be confused with the Bone Spring formation. This is one of the subdivisions of the

1
2 Bone Spring formation, such as we have the Bone Spring form-
3 ation; below that the first Bone Spring Sand; below that, the
4 second Bone Spring Sand; below that, the third Bone Spring
5 Sand.

6 This contour map, contour structure map,
7 shows the structure of the top of the first Bone Spring Sand.

8 The pay shown in blue, colored in blue
9 on Exhibit Three, on the type log, is approximately fifty
10 feet, fifty-one feet of gross dolomite, which we call our
11 gross pay. It also shows -- I might define net pay while
12 I have this hear, what I'm calling net pay, and in this case
13 net pay is considered porosity -- any porosity greater than
14 four percent over that gross interval.

15 And in this case it works out to be
16 eleven feet of net pay.

17 Q Okay, Mr. Riggle, if you're ready then
18 to discuss Exhibit Four, would you please go on to that ex-
19 hibit and describe the features in that?

20 A Yes, sir. Exhibit Four is an Isopach
21 of the gross pay, as correlated to the Southland Royalty No.
22 1 Well, the type log that we just looked at.

23 The map is -- this map scale is one
24 inch to 2000 feet. Contour interval in this case is 10 feet.
25 I might add that on Exhibit Two and Four, both of these maps,

1
2 this data was compiled from logs, correlating logs.

3 This map shows thickness of gross pay,
4 as correlated to the Southland Royalty No. 1 Well, and one
5 of the features I'd like to point out is that these wells
6 were spotted in the unorthodox location and we're expecting
7 in an unorthodox location for the No. 1 Well, approximately
8 36 feet of gross pay and perhaps around 9 feet of net pay.

9 For the No. 3 Well we're expecting 24
10 feet of gross pay and approximately 7 feet of net pay in
11 the unorthodox location.

12 By drilling these in a regular loca--
13 tion, the No. 1 Well, we would expect in the No. 1 Well
14 approximately 10 foot of gross and maybe 5 feet of net pay.

15 In the No. 3 Well we'd expect no gross
16 at all, and therefor no net pay.

17 The general correlation in this case
18 is the more gross pay we have, the more net, the better
19 possibility of having more net pay in feet.

20 The offset wells around it bear this
21 fact out.

22 This map also shows Bone Spring pro-
23 ducers and dry holes. The producers are the green dots and
24 the dry holes are the green dots with the diagonal slash.

25 That's generally it.

1
2 Q Mr. Riggle, have there been any other
3 wells in this Scharb-Bone Spring Pool which have been ap-
4 proved by the Division at unorthodox locations?

5 A Yes, sir. The Division gave approval
6 in Case 7420, December 11th, 1981, as to two Southland
7 wells which were originally Wolfcamp completions, and they
8 were plugged back to the Bone Springs. These wells are
9 located in the northwest quarter of the northwest quarter of
10 Section 9, and the southeast quarter of the southeast quart-
11 er of Section 5.

12 Q If Exxon is denied the authority to
13 drill at the unorthodox locations reflected by the applica-
14 tion, Mr. Riggle, would you recommend that the orthodox
15 location for the proration spacing areas be drilled?

16 A No, sir, I would not.

17 Q If Exxon did not drill these wells is
18 it your opinion that there would -- these wells at the un-
19 orthodox -- in other words, did not drill these wells in-
20 volved here, is it your opinion that there would be unrecover-
21 ed hydrocarbons left in the ground?

22 A Yes, sir.

23 Q Do you happen to know what the approxi-
24 mate costs are involved in drilling these wells?

25 A Yes, sir. Costs are currently estimated

1
2 at \$902,000 dry hole cost and \$1,264,200 for total completion
3 cost.

4 Q If the application is approved, and
5 assuming the geological interpretations presented, in your
6 opinion is the drilling of the wells at the requested loca-
7 tion justifiable considering the costs which you've just
8 mentioned?

9 A Yes, sir.

10 Q Were these exhibits One through Four
11 prepared by you or under your supervision?

12 A Yes, sir.

13 Q And in your opinion will the approval
14 of this application be in the interest of conservation, the
15 protection of correlative rights, and the prevention of
16 waste?

17 A Yes, sir.

18 MR. COFFIELD: Move the admission of
19 Exhibits One through Four.

20 MR. STAMETS: These exhibits will be
21 admitted.

22 MR. COFFIELD: And, Mr. Examiner, I
23 would also like to point out that with respect to the off-
24 set operators, our office had the responsibility of con-
25 tacting the offset operators, and certified letters were

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sent to the three offset operators. We have had responses

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from two of them, being Southland and what's designated as

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Richardson and Bass, which is actually Bass Enterprises.

5

Both of those parties have indicated that they have no ob-

6

jection to this application.

7

We have not heard from Mesa, which is

8

the third one.

9

I have nothing further of Mr. Riggle on

10

direct examination.

11

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CROSS EXAMINATION

13

BY MR. STAMETS:

14

Q Mr. Riggle, if memory serves me cor-

15

rectly, the Bone Springs consists of a series of sands,

16

first, second, and third, separated by lime sections.

17

A Yes, sir.

18

Q Now on your Exhibit Number Four --

19

A Yes, sir.

20

Q -- you show a zero line for gross pay.

21

If a person drilled outside that zero line, say, for example,

22

in the northwest quarter of Section 3, would you just drill

23

directly from one sand to another, or would you drill through

24

some sort of a section which you wouldn't call a pay section?

25

A No, sir, you'd drill through -- what this

Isopach shows is correlated to the pay in the -- in the type log well here.

In other words, what I'm saying, if you drilled outside that zero line, is that this dolomite pay that shows up in the type log, would not be present at that point.

Q Would you still be drilling --

A You'd --

Q -- a dolomite section or carbonate section at that depth?

A Possibly, but it would probably -- it looks like it's shaled out in that direction. Notice it becomes more and more shaley and finally disappears. There is still carbonate in the first Bone Springs. I'm not saying you're drilling straight through sand to the second Bone Springs and into sand, or anything like that, but the correlatable dolomite gross interval that we're looking at here would not be present outside of the zero line.

MR. STAMETS: Are there any other questions of the witness? He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1-20 7464 82
Richard L. Stewart Examiner
Oil Conservation Division



BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

February 15, 1982

POST OFFICE BOX 8088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

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

Re: CASE NO. 7464
ORDER NO. R-6893

ORDER NO. R-6893

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

Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x

Artesia OCD X

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. 7464
Order No. R-6893

APPLICATION OF EXXON CORPORATION FOR TWO
UNORTHODOX OIL WELL LOCATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 20, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of February, 1982, 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 approval of two unorthodox oil well locations in Section 4, Township 19 South, Range 35 East, Scharb-Bone Spring Pool, as follows: State DD Well No. 1 to be drilled in the approximate center of the SE/4 SW/4 and State DD Well No. 3 to be drilled in the approximate center of the NW/4 NE/4.

(3) That the E/2 SW/4 and W/2 NE/4 of said Section 4 are to be dedicated to the aforesaid wells, respectively.

(4) That wells at said unorthodox locations will better enable applicant to produce the oil underlying the proration units.

(5) That no offset operator objected to the proposed unorthodox locations.

-2-

Case No. 7464
Order No. R-6893

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will 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:

(1) That two unorthodox oil well locations are hereby approved in Section 4, Township 12 South, Range 35 East. Scharb-Bone Spring Pool for Exxon Corporation as follows: State DD Well No. 1 to be drilled in the approximate center of the SE/4 SW/4 and State DD Well No. 3 to be drilled in the approximate center of the NW/4 NE/4.

(2) That the E/2 SW/4 and W/2 NE/4 of said Section 4 shall be dedicated to the above-described wells, respectively.

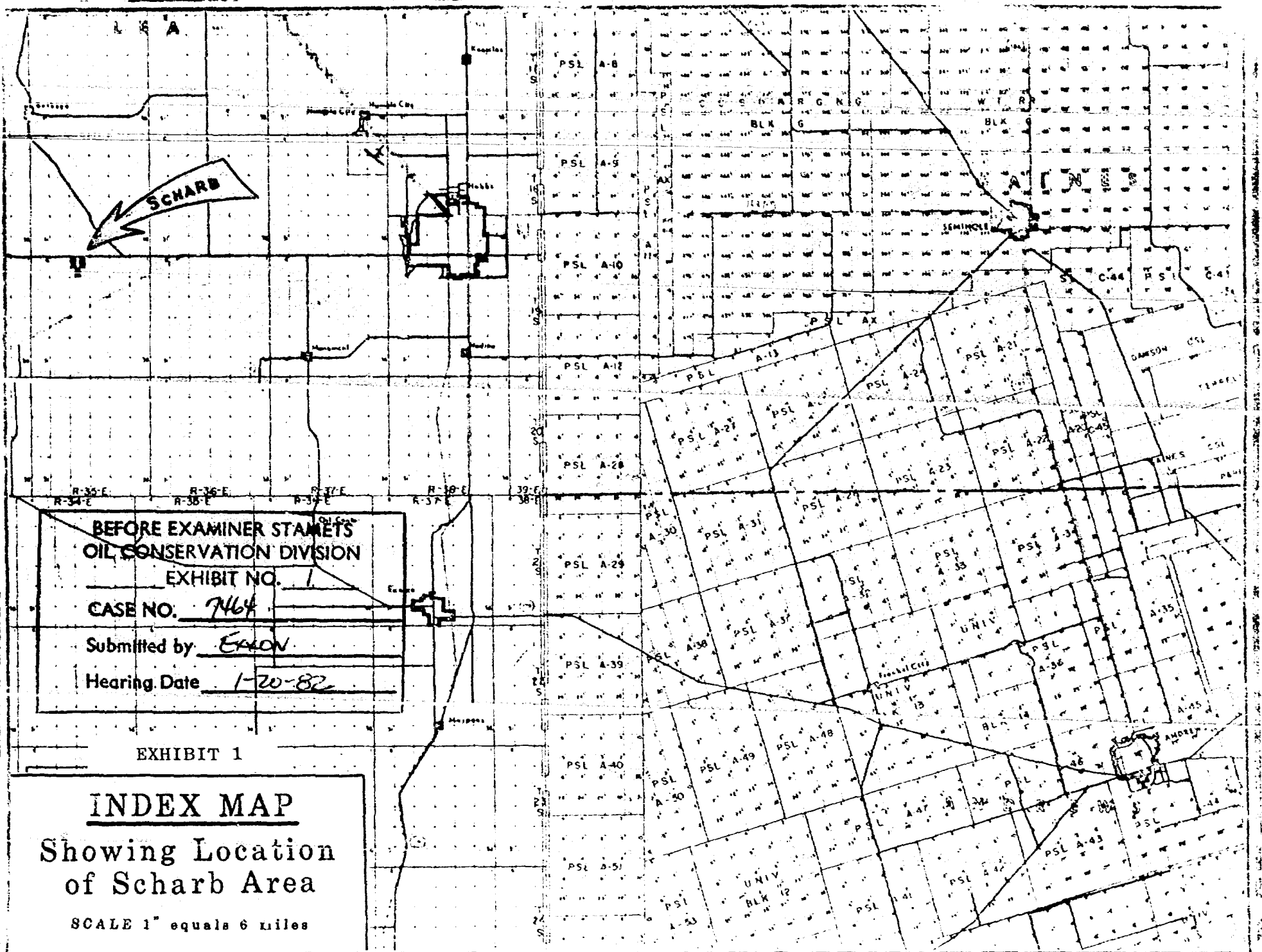
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director



R 35 E

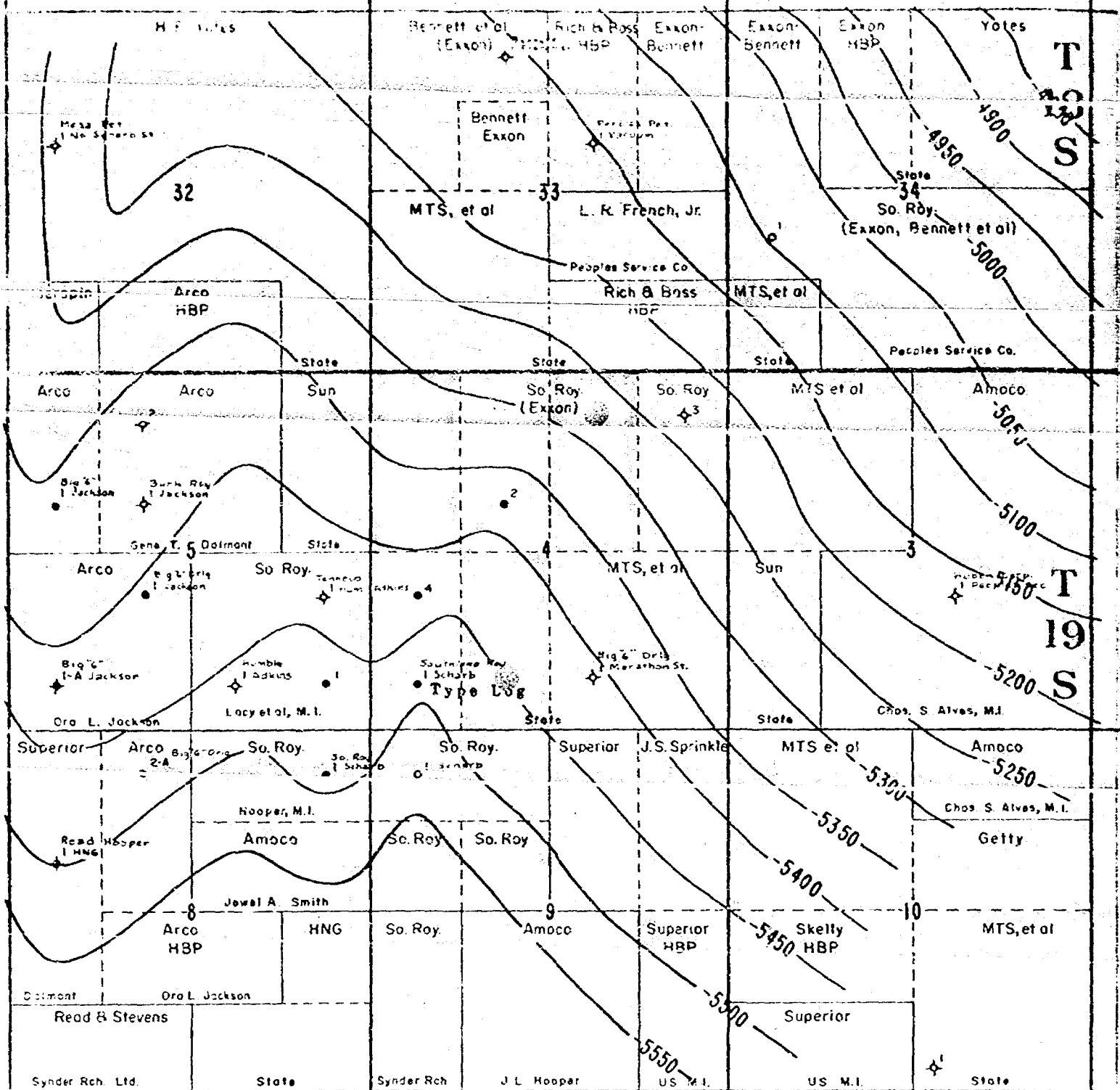


EXHIBIT 2

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 7464

Submitted by EXXON

Drawing Date 1-20-82

EXXON COMPANY, U. S. A.
PRODUCTION DEPARTMENT

Midcontinent Division

Andrews District

SCHARB AREA

Section 4, T-19-S, R-35-E

Leo County, New Mexico

STRUCTURE 1st BONE SPRING

Scale: 1" = 2000'

January, 1982

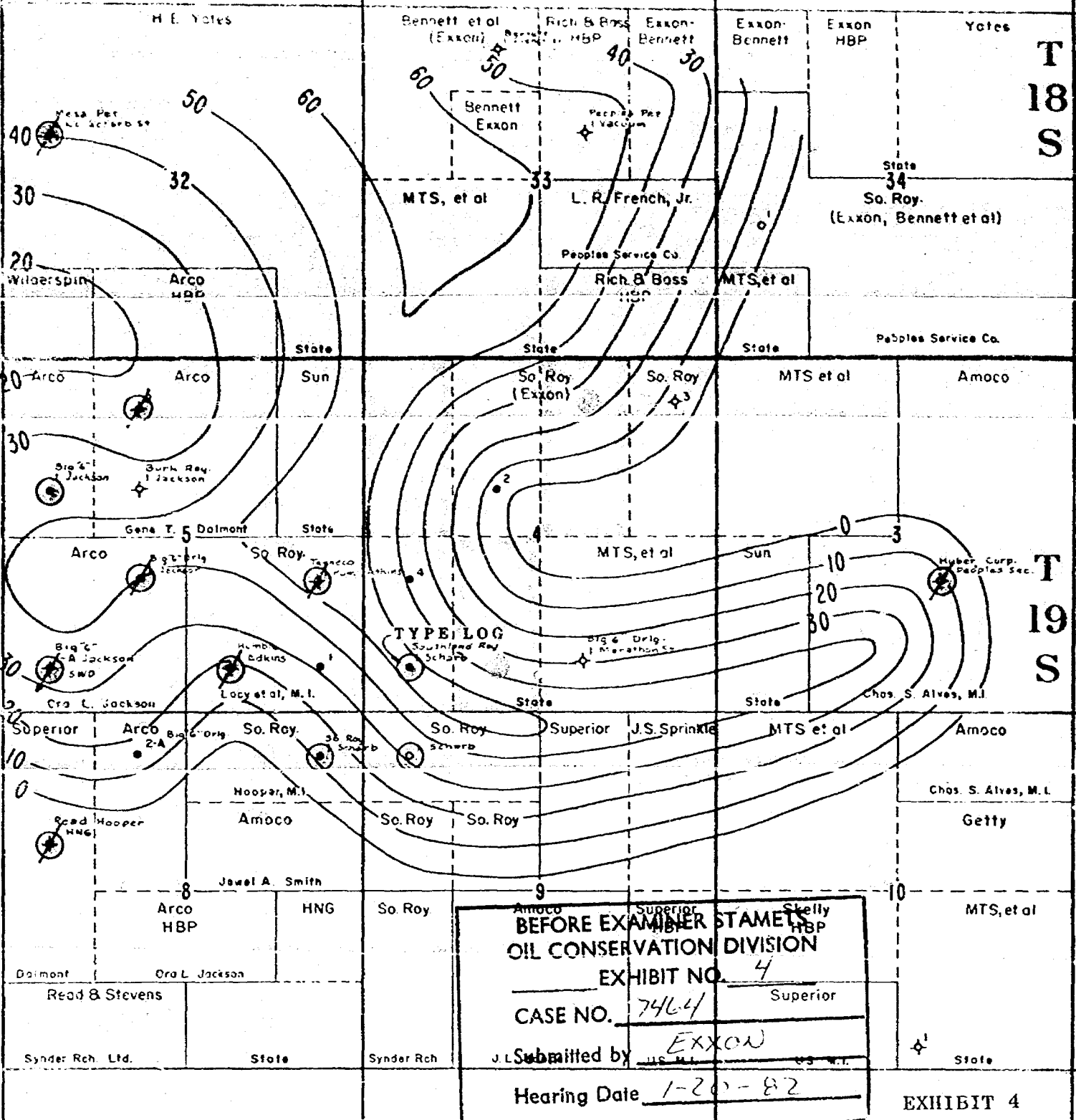
Contour Interval: 60 ft.

Geologist, M. R. Riggie

R 35 E

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- BONE SPRING COMPLETION
- ⊗ BONE SPRING D & A

BEFORE EXAMINER STAMETS		
OIL CONSERVATION DIVISION		
EXHIBIT NO.	4	
CASE NO.	7464	
Submitted by	EXXON	
Hearing Date	1-20-82	

EXXON COMPANY, U. S. A.
 PRODUCTION DEPARTMENT
 Midcontinent Division Andrews District

SCHARB AREA

Section 4, T-19-S, R-35-E Lea County, New Mexico

ISOPACH OF GROSS PAY
 (In So. Roy. #1 Well)

Scale: 1" = 2000' Contour Interval: 10 ft.
 January, 1982 Geologist, M. R. Riggle

RECEIVED
JAN 19 1982
OIL CONSERVATION DIVISION
SANTA FE

Case 2464

Unorthodox Location
New Mexico State DD Lease
Wells No. 1 and 3
Lea County, New Mexico

New Mexico Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

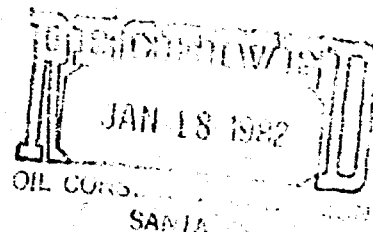
Gentlemen:

As an operator in the Scharb-Bone Spring Pool, we have no objection to
Exxon's application for unorthodox location for wells New Mexico State
"DD" No. 1 and No. 3.

By J. G. Bueing
For Bass Enterprises Production Co.
Date January 15, 1982

NOTE TO OPERATORS: Please return one copy to the Oil Conservation Division
and one copy to HCEC&H. Stamped addressed envelopes are enclosed.

Case 7464



Unorthodox Location
New Mexico State DD Lease
Wells No. 1 and 3
Lea County, New Mexico

New Mexico Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

As an operator in the Scharb-Bone Spring Pool, we have no objection to
Exxon's application for unorthodox location for wells New Mexico State
"DD" No. 1 and No. 3.

By J. M. Harbin
DIST. PROD. MGR.
For SOUTHLAND ROYALTY CO.
Date 1-13-82

NOTE TO OPERATORS: Please return one copy to the Oil Conservation Division
and one copy to HCECH. Stamped addressed envelopes are enclosed.

Dockets Nos. 4-82 and 5-82 are tentatively set for February 3 and February 17, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 20, 1982

**9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO**

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for February, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7462: Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinbry production in the wellbore of its C. J. Saunders Well No. 3, located in Unit C of Section 1, Township 22 South, Range 36 East.

CASE 7463: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its C. H. Weir "A" Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, to produce oil from the Skaggs-Drinkard and an undesignated Abo pool.

CASE 7464: Application of Exxon Corporation for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two unorthodox oil well locations in Section 4, Township 19 South, Range 35 East, Scharb-Bone Spring Pool, as follows: State DD Well No. 1 to be drilled in the center of the SE/4 SW/4 and State DD Well No. 3 to be drilled in the center of the NW/4 NE/4. Pool rules require wells to be drilled in the NE/4 or SW/4 of a quarter section.

CASE 7465: Application of Superior Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the South line and 660 feet from the East line of Section 26, Township 24 South, Range 29 East, Wolfcamp-Pennsylvanian formations, the S/2 of said Section 26 to be dedicated to the well.

CASE 7466: Application of Conoco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for it and Southland Royalty Company to each institute a cooperative waterflood project in the Blinbry Oil and Gas Pool by the injection of water into the Blinbry formation through nine injection wells located on Conoco's Warren Unit and Hawk B-3 Leases and Southland's State Lease in Sections 33 and 34 of Township 20 South, Range 38 East, and Sections 2 and 3 of Township 21 South, Range 37 East.

CASE 7072: In the matter of Case No. 7072 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-6554 which order promulgated temporary special rules and regulations for the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 7460: (Continued from January 6, 1982, Examiner Hearing)

Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.

CASE 7467: Application of Inexco Oil Company for pool creation, special pool rules, and a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new Strawn oil pool for its Lottie York Well No. 1 located in Unit P of Section 14, Township 17 South, Range 37 East, and the promulgation of special rules therefor, including a provision for 80-acre spacing. Applicant further seeks the assignment of 57.150 barrels of oil discovery allowable to said well.

CASE 7459: (Continued from January 6, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, ~~seeks deletion of the requirement for packers in injection wells, and seeks an increase in the~~ previously authorized 68-pound limitation on injection pressure.

CASE 7410: (Continued from January 6, 1982, Examiner Hearing)

Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the North line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

CASE 7451: (Continued from January 6, 1982, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SE/4 of Section 11, Township 6 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7453: (Continued from January 6, 1982, Examiner Hearing)

Application of T. D. Skelton for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Mississippian formations underlying the NE/4 NW/4 of Section 7, Township 12 South, Range 38 East, to be dedicated to the re-entry or an old well at a standard location thereon. Also to be considered will be the cost of re-entering and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entry of said well.

CASE 7457: (Continued from January 6, 1982, Examiner Hearing)

Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

CASE 7468: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Paddock production and designated as the East Monument-Paddock Pool. The discovery well is Morris R. Antweil State SX Well No. 1 located in Unit J of Section 36, Township 19 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
Section 36: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Ross Draw-Morrow Gas Pool. The discovery well is Florida Exploration Company Ross Draw Unit Well No. 10 located in Unit E of Section 27, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 27: N/2

EXAMINER HEARING - WEDNESDAY - JANUARY 20, 1982

(c) CREATE a new Pool in Lea County, New Mexico, classified as an oil pool for Morrow production and designated as the Sowell-Morrow Pool. The discovery well is Santa Fe Energy Company State NM2 Well No. 1 located in Unit M of Section 2, Township 15 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 2: SW/4

(d) EXTEND the Angell Ranch-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 12: All
Section 13: N/2

(e) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 27: N/2
Section 28: E/2

(f) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 23: S/2 S/2
Section 26: W/2 NW/4

(g) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 14: SW/4 SE/4

(h) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 25: W/2
Section 26: S/2

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 17: N/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 14: S/2
Section 23: W/2

(i) EXTEND the Cinta Roja-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM
Section 8: All

(j) EXTEND the South Culebra Bluff-Atoka Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 36: W/2

(k) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 7: S/2

(l) EXTEND the Gem-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 30: E/2
Section 32: S/2

PAGE 4

EXAMINER HEARING - WEDNESDAY - JANUARY 20, 1982

- (m) EXTEND the Nat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 7: W/2

- (n) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 29: E/2 SE/4

- (o) EXTEND the Southwest Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 10: E/2

- (p) EXTEND the Leo-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 23: N/2 NE/4

- (q) EXTEND the West Lynch-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 32: N/2
Section 33: NW/4

- (r) EXTEND the North San Simon-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 33: E/2 NW/4

- (s) EXTEND the South Saunders-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 25: N/2

- (t) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 9: NW/4

- (u) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 8: S/2 NW/4 and SW/4

- (v) EXTEND the Winchester-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: W/2

W. E. BONDURANT, JR.
(1914-1973)
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*NOT LICENSED IN
TEXAS

January 4, 1982

Case 7164

Mr. Dan Nutter
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Exxon Corporation,
Unorthodox Locations,
Lea County, New Mexico

Dear Dan:

I am transmitting herewith, executed in triplicate, an Application by Exxon Corporation for unorthodox oil well locations in Lea County, New Mexico. As you will recall, I have previously advised you that we would like this case set on the docket for January 20, 1982.

If anything in addition to this application needs to be furnished, please advise.

Very truly yours,

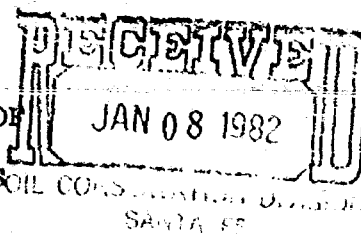
HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rh
Enclosures

xc: Mr. Paul Wright
Exxon Corporation
xc: Mr. Jack Lytle
Exxon Corporation

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO



APPLICATION OF EXXON
CORPORATION FOR UNORTHODOX
WELL LOCATIONS, LEA COUNTY,
NEW MEXICO

)
)
)
)

Case 7464

APPLICATION

Exxon Corporation hereby makes application for approval of
unorthodox oil well locations and states:

1. Applicant seeks approval of an unorthodox oil well location for its New Mexico State DD No. 1 well to be drilled at a point 660 feet from the South line and 1980 feet from the West line of Section 4, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico, to test the Scharb-Bone Spring Pool, and the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 4 is to be dedicated to the well.

2. Applicant seeks approval of an unorthodox oil well location for its New Mexico State DD No. 3 well to be drilled at a point 660 feet from the North line and 1947 feet from the East line of Section 4, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico, to test the Scharb-Bone Spring Pool, and the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 4 is to be dedicated to the well.


3. As to all tracts offsetting said lands, the offset owners are Mesa Petroleum Co., Richardson & Bass and Southland Royalty Company and their addresses are listed on the attached schedule.

4. Approval of the unorthodox locations will be in the interest of conservation, prevention of waste and protection of correlative rights.

5. Applicant requests that this matter be heard at the January 20, 1982 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By:


Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Exxon Corporation

OFFSET OPERATORS

New Mexico State DD #1 and #3

Mesa Petroleum
400 W. Texas Ave.
Midland, Texas 79701

Richardson & Koss
J. P. White Building
Roswell, New Mexico 88201

Southland Royalty
1100 Wall Towers West
Midland, Texas 79701

Exxon Corp

two unorthodox oil well locations

St DD #1 center SE/4 D.
St DD #2 center NW/NE

Section 4 T 19 S R 35 E

Scharb Bone Spring Pool Lea Co.

called in Les Conrad Caffield

12/30/81

HERBIE
ORDERS

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. 7454

Order No. R-6893

APPLICATION OF EXXON CORPORATION FOR TWO
UNORTHODOX OIL WELL LOCATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 20, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of January, 1982, 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 approval of two unorthodox oil well locations in Section 4, Township 19 South, Range 35 East, Scharb-Bone Spring Pool, as follows:

State DD Well No. 1 to be drilled in the ^{approximate} center of the SE/4 SW/4 and State DD Well No. 3 to be drilled in the ^{approximate} center of the NW/4 NE/4.

(3) That the ^{are} ~~the~~ ^{the above said} ~~the~~ ^{1/2 SW/4 and 1/2 NE/4} of said Section 4 ~~is~~ to be dedicated to ~~the~~ ^{the} wells, ~~respectively~~ ^{respectively}.

(4) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration units.

(5) That no offset operator objected to the proposed unorthodox locations.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will 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:

(1) That two unorthodox oil well locations are hereby

approved in Section 4, Township 19 South, Range 35 East,
Scharb-Bone Spring Pool as follows: State DD Well No. 1 to be
drilled in the center of the SE/4 SW/4 and State DD Well No. 3
to be drilled in the center of the NW/4 NE/4.

(2) That the E/2 SW/4 and W/2 NE/4 of said Section 4
shall be dedicated to the above-described wells, respectively.

(3) 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
hereinafter designated.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

JOE D. RAMEY,

Director

S E A L

CASE 7485, THE SUPERIOR OIL COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION
EDDY COUNTY, NEW MEXICO

DOUBT RAIL

Aug 1/8/82