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

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

CASE NO. 9459
Order No. R-8735

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 17, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this __13th__ day of September, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) Division Case Nos. 9459 and 9460 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Exxon Company, USA, seeks approval for an unorthodox oil well location 1195 feet from the South line and 2518 feet from the East line (Unit O) of Section 28, Township 17 South, Range 35 East, NMPM, Vacuum-Glorieta Pool, Lea County, New Mexico, the SW/4 SE/4 of said Section 28 to be simultaneously dedicated to said well and to its existing New Mexico "K" State Well No. 21 located at a standard oil well location 330 feet from the South line and 1980 feet from the East line (Unit O) of said Section 28.

(4) Geologic and engineering testimony presented by the applicant at the hearing indicate that the Vacuum-Glorieta Pool is a water drive reservoir and further that water encroachment is approaching the SW/4 SE/4 of said Section 28 from a southeasterly direction.

(5) The evidence further indicates that the New Mexico "K" State Well No. 21 is currently producing at an 80 percent water cut and has exhibited a steadily increasing oil-water ratio during the past several years of production.

(6) The applicant proposes to drill the subject well as an eventual replacement for the above described New Mexico "K" State Well No. 21 which will be plugged and abandoned at such time as the oil-water ratio becomes excessive.

(7) Geological and engineering data presented by the applicant indicate that a well at the proposed location, which will be the last portion of the proration unit to experience water encroachment, should allow the applicant to recover an additional 194,900 barrels of oil which would otherwise not be recovered by the existing New Mexico "K" State Well No. 21, thereby preventing waste.

(8) The applicant is the operator of all affected offset acreage, and the entire S/2 of said Section 28 is a common lease, being the New Mexico "K" State Lease.

(9) 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 result in the recovery of additional reserves, thereby preventing waste, and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Exxon Company, USA, is hereby authorized to drill its New Mexico "K" State Well No. 35 at an unorthodox location 1195 feet from the South line and 2518 feet from the East line (Unit O) of Section 28, Township 17 South, Range 35 East, NMPM, Vacuum-Glorieta Pool, Lea County, New Mexico.
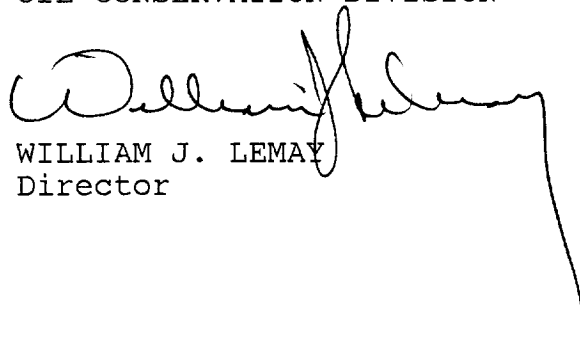
(2) The SW/4 SE/4 of said Section 28 shall be simultaneously dedicated to the subject well and to the existing New Mexico "K" State Well No. 21 located 330 feet from the South line and 1980 feet from the East line (Unit O) of said Section 28.

(3) The applicant may produce the oil allowable assigned to the subject proration unit from either well in any proportion.

(4) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L