

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:

APPLICATION OF EXXON MOBIL  
CORPORATION FOR CERTIFICATION  
OF A POSITIVE PRODUCTION RESPONSE,  
EDDY COUNTY, NEW MEXICO.

Case No. 12512

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Exxon Corporation  
P.O. Box 2180  
Houston, Texas 77252  
Attention: Wm. T. Duncan, Jr.  
(713) 431-1019

APPLICANT'S ATTORNEY

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order certifying that the waterflood project for the Avalon (Delaware) Unit has demonstrated a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit encompasses 2118.78 acres of state, federal, and fee lands comprising all or parts of Sections 25 and 26, Township 20 South, Range 27 East, NMPM, Sections 29-32, Township 20 South, Range 28 East, NMPM, and Sections 4-6, Township 21 South, Range 27 East, NMPM. The unit wells are described on Exhibit A attached hereto. The project is centered approximately 8 miles north of Carlsbad, New Mexico.

OPPONENT

**PROPOSED EVIDENCE**

APPLICANT

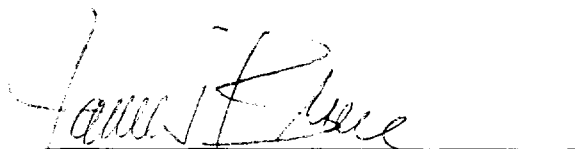
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Wm. T. Duncan, Jr. (engineer)	15 min.	3-4
_____ (geologist)	15 min.	4-5
R. Pena (engineer)	30-40 min.	15

OPPONENT

WITNESSES	EST. TIME	EXHIBITS
-----------	-----------	----------

**PROCEDURAL MATTERS**

-None-



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Exxon Mobil Corporation

Avalon Delaware Unit						
Well List						
Well Name	API No.	S-T-R	Location	Well Type	Completion Date	
AVALON_UT_0210	300152465300	31-20S-28E	990 FNL, 990 FWL	P	Jan-84	
AVALON_UT_0222W	300152865800	31-20S-28E	1665 FNL, 1452 FWL	WIW	May-96	
AVALON_UT_0226	300152463600	31-20S-28E	2310 FNL, 990 FWL	P	Jan-84	
AVALON_UT_0227	300152471000	31-20S-28E	2310 FNL, 1980 FWL	P	Apr-84	
AVALON_UT_0238W	300152865900	31-20S-28E	2301 FSL, 1485 FWL	WIW	Jun-96	
AVALON_UT_0242	300152463700	31-20S-28E	1650 FSL, 990 FWL	P	Dec-83	
AVALON_UT_0243	300152457400	31-20S-28E	1650 FSL, 1980 FWL	P	Nov-83	
AVALON_UT_0246	300152462300	31-20S-28E	1650 FSL, 1980 FEL	P	Dec-83	
AVALON_UT_0253W	300152866100	31-20S-28E	1046 FSL, 2667 FWL	WIW	Jun-96	
AVALON_UT_0254W	300152866000	31-20S-28E	1152 FSL, 1489 FWL	WIW	Jun-96	
AVALON_UT_0258	300152454600	31-20S-28E	330 FSL, 990 FWL	P	Oct-83	
AVALON_UT_0259	300152448700	31-20S-28E	330 FSL, 1980 FWL	P	Jul-83	
AVALON_UT_0262	300152441400	31-20S-28E	560 FSL, 1980 FEL	P	Jun-83	
AVALON_UT_0263	300152454300	31-20S-28E	450 FSL, 990 FEL	TA	Dec-83	
AVALON_UT_0364	300152477000	25-20S-27E	660 FSL, 333 FEL	SI	Jul-84	
AVALON_UT_0401	300152479400	36-20S-27E	330 FNL, 330 FEL	P	Aug-84	
AVALON_UT_0433	300152344300	36-20S-27E	2180 FSL, 660 FEL	P	Dec-80	
AVALON_UT_0464	300152474800	36-20S-27E	660 FSL, 660 FEL	TA	Sep-84	
AVALON_UT_0501	300152433100	31-20S-28E	660 FNL, 660 FEL	P	Jan-83	
AVALON_UT_0503	3001528659400	31-20S-28E	43 FNL, 1458 FEL	WIW	Aug-96	
AVALON_UT_0505W	300152867700	31-20S-28E	123 FNL, 2673 FEL	WIW	May-96	
AVALON_UT_0507W	300152867800	31-20S-28E	101 FNL, 1355 FWL	WIW	Aug-96	
AVALON_UT_0509	300152433200	31-20S-28E	660 FNL, 660 FWL	P	May-83	
AVALON_UT_0511	300152452400	31-20S-28E	760 FNL, 1980 FWL	P	Aug-83	
AVALON_UT_0514	300152419400	31-20S-28E	660 FNL, 1980 FEL	P	Oct-82	
AVALON_UT_0515	300152637000	31-20S-28E	1305 FNL, 1305 FEL	P	Dec-90	
AVALON_UT_0516	300152866500	31-20S-28E	1310 FNL, 97 FEL	P	Jun-96	
AVALON_UT_0517	300152433700	31-20S-28E	1980 FNL, 560 FEL	P	May-83	
AVALON_UT_0520W	300152866400	31-20S-28E	1388 FNL, 2750 FWL	WIW	Feb-96	
AVALON_UT_0522	300150243400	31-20S-28E	1980 FNL, 1980 FWL	P	Feb-83	
AVALON_UT_0523	300152891000	31-20S-28E	1336 FNL, 1314 FWL	WIW	Jun-96	
AVALON_UT_0525	300152433600	31-20S-28E	2180 FNL, 660 FWL	P	Dec-82	
AVALON_UT_0530	300152433500	31-20S-28E	1980 FNL, 1980 FEL	P	Jan-83	
AVALON_UT_0533W	300152866700	31-20S-28E	2517 FSL, 78 FEL	WIW	Jul-96	
AVALON_UT_0536	300152452500	31-20S-28E	2310 FSL, 2310 FEL	P	Oct-83	
AVALON_UT_0537W	300152868300	31-20S-28E	2610 FWL, 2549 FWL	WIW	Jul-96	
AVALON_UT_0539	300152868200	31-20S-28E	2600 FSL, 1322 FWL	P	May-96	
AVALON_UT_0540	300152438600	31-20S-28E	1980 FSL, 660 FWL	P	Aug-83	
AVALON_UT_0542W	300152868400	31-20S-28E	1337 FSL, 1324 FWL	WIW	Nov-96	
AVALON_UT_0543	300152437600	31-20S-28E	1980 FSL, 1980 FWL	P	Jul-83	
AVALON_UT_0546W	300152404800	31-20S-28E	1980 FSL, 1980 FEL	SWDW	Sep-82	
AVALON_UT_0548	300152437300	31-20S-28E	1980 FSL, 660 FEL	P	Aug-83	
AVALON_UT_0549	300152437800	31-20S-28E	660 FSL, 660 FEL	TA	Oct-83	
AVALON_UT_0556	300152437900	31-20S-28E	660 FSL, 660 FWL	TA	Dec-83	
AVALON_UT_0562	300152437700	31-20S-28E	660 FSL, 1980 FEL	WSW	Jul-83	
AVALON_UT_0570W	300152866600	31-20S-28E	2564 FNL, 1377 FEL	WIW	Dec-95	
AVALON_UT_0571W	300152866800	31-20S-28E	1356 FSL, 99 FEL	WIW	Jul-96	
AVALON_UT_0609	300152438800	32-20S-28E	660 FNL, 660 FWL	P	Feb-83	

Avalon Delaware Unit						
Well List						
Well Name	API No.	S-T-R	Location	Well Type	Completion Date	
AVALON_UT_0624	300152441000	32-20S-28E	1980 FNL, 330 FWL	P	Mar-83	
AVALON_UT_0626W	300152866200	32-20S-28E	2658 FSL, 1127 FWL	WIW	Nov-95	
AVALON_UT_0641	300152440900	32-20S-28E	1980 FSL, 610 FWL	P	May-83	
AVALON_UT_0642W	300152866300	32-20S-28E	1333 FSL, 1107 FWL	WIW	Nov-95	
AVALON_UT_0643	300152449500	32-20S-28E	1980 FSL, 1650 FWL	P	Jul-83	
AVALON_UT_0657	300152447300	32-20S-28E	660 FSL, 330 FWL	P	Jun-83	
AVALON_UT_0816	300152469600	5-21S-27E	6945 FSL, 560 FEL	WSW	Jan-84	
AVALON_UT_0914	300152475100	6-21S-27E	660 FNL, 1980 FEL	TA	Jul-84	
AVALON_UT_0916	300152468700	6-21S-27E	660 FNL, 660 FEL	WSW	Feb-84	
YATES C FED 22	300152450100	4-21S-27E	5940 FSL, 660 FWL	TA	Jul-83	



**LTR**



**Job separation sheet**

**Examiner Hearing – October 19, 2000**

**Docket No. 29-00**

**Page 3 of 10**

**CASE 12512:**

Application of Exxon Mobil Corporation to certify a waterflood project for a positive production response pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.. Applicant seeks an order certifying that the waterflood project for the Avalon (Delaware) Unit has demonstrated a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit encompasses 2118.78 acres of state, federal, and fee lands comprising all or parts of Sections 25 and 26, Township 20 South, Range 27 East, Sections 29-32, Township 20 South, Range 28 East, and Sections 4-6, Township 21 South, Range 27 East. The project is centered approximately 8 miles north of Carlsbad, New Mexico.

**CASE 12513:**

Application of Mewbourne Oil Company for compulsory pooling and non-standard gas spacing and proration units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation (except the Atoka formation) underlying the following described acreage in Section 35, Township 18 South, Range 29 East, and in the following manner: Lots 1-4 and the N/2 S/2 (S/2 equivalent) to form a non-standard 311.81-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the North Turkey Track-Morrow Gas Pool; and Lots 1, 2, and the N/2 SE/4 (SE/4 equivalent) to form a non-standard 156.46-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Sand Dunes "35" Fed. Com. Well No. 1, located 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 35. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The units are located approximately 9 miles south-southwest of Loco Hills, New Mexico.

**CASE 12514:**

Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 11, Township 22 South, Range 25 East, and in the following manner: The W/2 of Section 11 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Catclaw Draw-Wolfcamp Gas Pool, Undesignated McKittrick Canyon-Upper Pennsylvanian Gas Pool, Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Revelation-Strawn Gas Pool, and Revelation-Morrow Gas Pool; the NW/4 of Section 11 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE/4 NW/4 of Section 11 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres within that vertical extent, including the Undesignated Azotea Mesa-Bone Spring Pool. The units are to be dedicated to applicant's Big Mac "11" Fed. Com. Well No. 1, to be drilled at a location 1980 feet from the North and West lines (Unit F) of Section 11. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chi Operating, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 8½ miles west-southwest of Carlsbad, New Mexico.

**CASE 12498:**

**Continued from October 5, 2000, Examiner Hearing.**

Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant seeks authorization to drill its Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) to the Morrow formation, Undesignated Chosa Draw-Morrow Gas Pool, at an unorthodox well location 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East. The W/2 of Section 8 is to be dedicated to the well. The unit is located approximately 18 miles southwest of Carlsbad, New Mexico.

**CASE 12493:**

**Readvertised**

Application of Marbob Energy Corporation for contraction of the Lusk-Morrow Gas Pool, Eddy and Lea Counties, New Mexico. Applicant seeks the contraction of the Lusk-Morrow Gas Pool by eliminating therefrom Section 24, Township 19 South, Range 31 East, Eddy County, New Mexico, and Section 21, Township 19 South, Range 32 East, Lea County, New Mexico. The area is located approximately 14 miles south-southeast of Maljamar, New Mexico.

**CASE 12515:**

Application of Manzano Oil Corporation for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the King State Exploratory Unit for an area comprising 80 acres of State of New Mexico and fee lands in Sections 35 and 36 of Township 13 South, Range 37 East, which is located approximately 9 miles east of McDonald, New Mexico

**CASE 12516:**

Application of Manzano Oil Corporation for directional drilling and an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to re-enter its New Mexico C - #3 Well at a previously approved unorthodox surface location 1550 feet from the North line and 10 feet from the West line of Section 36, Township 13 South, Range 37 East, and directionally drill in the Devonian formation, King Devonian Pool, to an unorthodox bottomhole location 2400 feet from the North line and 190 feet from the East line of Section 35, Township 13 South, Range 37 East. The SE/4 NE/4 of Section 35 is to be dedicated to the well. The unit is located approximately 9 miles east of McDonald, New Mexico.

**Examiner Hearing – October 19, 2000**  
**Docket No. 29-00**  
**Page 4 of 10**

---

- CASE 12517:**     **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.**     Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but is not necessarily limited to the Undesignated Angle Ranch Atoka-Morrow Gas Pool; in all formations developed on 160-acre spacing in the NE/4; in all formations developed on 80-acre spacing in the W/2 NE/4; and in all formations developed on 40-acre spacing in the SW/4 NE/4; all in Section 4, Township 19 South, Range 27 East. The unit is to be dedicated to its Kaiser Lake "4" Federal Com. Well No. 1 to be drilled at a standard location in the E/2 of Section 4 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 16 miles southeast of Artesia, New Mexico.
- CASE 12518:**     **Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico.**     Applicant seeks an order pooling all mineral interests in all formations and pools developed on 320-acre spacing in the E/2 of Section 14, Township 23 South, Range 26 East, which includes but is not necessarily limited to the Undesignated Happy Valley-Morrow Gas Pool, Undesignated East McKittrick Hills-Atoka Gas Pool, Southeast Revelation-Strawn Gas Pool, and the McKittrick Canyon-Upper Pennsylvanian Gas Pool. The units are to be dedicated to its Filaree "24" Federal Com Well No. 2 to be drilled at a standard location 1300 feet from the South line and 750 feet from the East line of Section 24 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 6 miles west of Carlsbad, New Mexico.
- CASE 12519:**     **Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico.**     Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but is not necessarily limited to the Wilson-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4 which includes but is not necessarily limited to the Undesignated West Osudo-Morrow Gas Pool, in all formations developed on 80-acre spacing in the S/2 SE/4, and in all formations developed on 40-acre spacing in the SW/4 SE/4 which includes but is not necessarily limited to the Wilson-Strawn Pool, all in Section 12, Township 21 South, Range 34 East. The unit is to be dedicated to its Mary State Com Well No. 1 to be drilled at a standard location 660 feet from the South line and 1980 feet from the East line of Section 12 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 17 miles west/northwest of Eunice, New Mexico.
- CASE 12520:**     **Application of BP Amoco for establishment of a downhole commingling reference case and pre-approval of downhole commingling for formations and pools in the Gallegos Canyon Unit pursuant to Division Rule 303.C (4) and the adoption of special administrative rules therefor, San Juan County, New Mexico.**     Applicant, in accordance with Rule 303.C(4), seeks to establish a downhole commingling reference case to provide for (a) compatibility criteria, (b) pressure criteria, (c) cross-flow criteria, (d) prorationing criteria, (e) value criteria, and (f) a modification of notification rules on an area-wide basis authorization for downhole commingling of Fruitland Coal, Pictured Cliffs, Gallup, and Dakota gas production in the wellbores of existing or future wells drilled anywhere within the Gallegos Canyon Unit Area located in Townships 27, 28 and 29 North, Ranges 11, 12 and 13 West. The center of the area is located approximately 5 miles southeast of Farmington, New Mexico.
- CASE 12320:**     **Continued from October 5, 2000, Examiner Hearing.**
- Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico.**     Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico