

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 CORPORATION)

CASE NO. 10,886

ORIGINALREPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: JIM MORROW, Hearing Examiner

February 3rd, 1994

Santa Fe, New Mexico

MAR 2 1 1994

This matter came on for hearing before the Oil
Conservation Division on Thursday, February 3rd, 1994, at
Morgan Hall, State Land Office Building, 310 Old Santa Fe
Trail, Santa Fe, New Mexico, before Steven T. Brenner,
Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

February 3rd, 1994
 Examiner Hearing
 CASE NO. 10,886

PAGE

APPLICANT'S WITNESSES:

WILLIAM T. DUNCAN, JR.

Direct Examination by Mr. Bruce
 Examination by Examiner Morrow

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REPORTER'S CERTIFICATE

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* * *

E X H I B I T S

	Identified	Admitted
Exhibit 1	4	7
Exhibit 2	4	7
Exhibit 3	5	7
Exhibit 4	5	7
Exhibit 5	6	7
Exhibit 6	6	7
Exhibit 7	7	7

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A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL
 Attorney at Law
 Legal Counsel to the Division
 State Land Office Building
 Santa Fe, New Mexico 87504

FOR THE APPLICANT:

HINKLE, COX, EATON, COFFIELD & HENSLEY
 218 Montezuma
 P.O. Box 2068
 Santa Fe, New Mexico 87504-2068
 By: JAMES G. BRUCE

* * *

1 WHEREUPON, the following proceedings were had at
2 8:54 a.m.:

3 EXAMINER MORROW: At this time we'll call Case
4 10,886.

5 MR. STOVALL: Application of Exxon Corporation
6 for acreage reorientation and for two non-standard gas
7 proration units, Lea County, New Mexico.

8 EXAMINER MORROW: Call for appearances.

9 MR. BRUCE: Mr. Examiner, Jim Bruce representing
10 the Applicant.

11 Again, I have Mr. Duncan as a witness, if we
12 could have the record reflect that he's been previously
13 sworn and qualified.

14 EXAMINER MORROW: All right, go ahead with your
15 case.

16 MR. BRUCE: Mr. Examiner, this case is extremely
17 similar to the matters Mr. Duncan just discussed. It
18 involves a different Exxon lease.

19 EXAMINER MORROW: Okay.

20 WILLIAM T. DUNCAN, JR.,
21 the witness herein, after having been first duly sworn upon
22 his oath, was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MR. BRUCE:

25 Q. Mr. Duncan, why don't you refer to Exhibit 1 in

1 this case, and again outline for the Examiner what is
2 proposed by Exxon.

3 (Off the record)

4 THE WITNESS: Exhibit 1 is a map showing a
5 portion of the Blinebry Oil and Gas Pool, that portion
6 where Exxon's New Mexico "S" State Lease is located.

7 Our lease is highlighted in yellow on that
8 exhibit, and the two proration units, which we are
9 requesting to be assigned to our wells, are shown outlined
10 in blue on Exhibit Number 1.

11 Exxon requests that the current 80-acre and 40-
12 acre nonstandard gas proration units assigned to the
13 wells -- assigned to Wells 14 and 12 be essentially swapped
14 or moved and that well -- I've forgotten which one is
15 which.

16 Q. (By Mr. Bruce) Well 12 now has 80 acres
17 dedicated to it; is that correct?

18 A. That's correct, and Well 14 has approximately 40
19 acres dedicated to it, and we're requesting that Well 14
20 now be dedicated to the approximately 80-acre unit and that
21 Well Number 12 be dedicated to the remaining 40-acre unit.

22 Q. In referring to Exhibit 2, again, is this due to
23 some planned workovers by Exxon?

24 A. Yes, it is. Exxon is planning to work over these
25 two wells and believes that the additional allowable that

1 we hope to assign to Well Number 14 will be necessary.
2 Well Number 14 is going to have perforations added, and
3 it's going to be fracture-stimulated.

4 Q. And if you could refer to Exhibit 3, perhaps 3
5 and 4 together, explain the before and after units for the
6 wells.

7 A. Exhibit 3 is a two-page exhibit.

8 The first page shows the current proration units,
9 nonstandard proration units, approved for wells 12 and 14
10 on Exxon's New Mexico "S" State Lease.

11 Page 2 shows the proposed units for those two
12 wells.

13 Q. Okay. And it looks like Well 14 is currently an
14 oil well?

15 A. That's correct.

16 Q. Do you anticipate it will be a gas well after
17 recompletion?

18 A. That's correct. We're adding perforations which
19 we believe will be essentially gas-productive.

20 Q. And Exhibit 4, the C-102s have been filed with
21 the district Division office?

22 A. Yes, they have. Exhibit 4 is a two-page exhibit.

23 First page, Well 12, we're requesting that the
24 northeast quarter of the northeast quarter be dedicated to
25 that well.

1 And Well, 14, we're requesting that the northeast
2 quarter of the northwest quarter and the northwest quarter
3 of the northeast quarter be dedicated to that well.

4 Q. Does Exhibit 5 reflect the offset operators?

5 A. Exhibit 5 shows the offset operators to the lease
6 except to the south, which was more than a half mile away
7 from the proposed location, or the proposed proration
8 units.

9 Q. And again, before we forget, the yellow on
10 Exhibit 5 outlines one Exxon lease, ownership throughout
11 Section 2, royalty and working interest is common?

12 A. That's correct. It actually outlines a portion
13 of a lease that we have designated as an Exxon accounting
14 lease and within that portion of our New Mexico "S" State
15 Lease we have uniform interests throughout.

16 Q. What is Exhibit 6, Mr. Duncan?

17 A. Exhibit Number 6 is a package of three waivers
18 that we have received from Chevron, Oryx and John H.
19 Hendrix, and those waivers indicate that they have no
20 objection to Exxon's Application.

21 We also have received no information from any of
22 the people notified that they have any objection to the
23 Application.

24 Q. Were the offsets notified of this Application?

25 A. Yes, they were.

1 Q. And is Exhibit 7 an affidavit of notice?

2 A. Yes, it is. It contains a copy of the letter
3 sent to the parties that were notified, and the last three
4 pages include return receipts.

5 Q. In your opinion, is the granting of this
6 Application in the interests of conservation and the
7 prevention of waste?

8 A. Yes, it is.

9 Q. And were Exhibits 1 through 7 prepared by you,
10 under your direction or compiled from company records?

11 A. Yes, they were.

12 MR. BRUCE: Mr. Examiner, at this time I move the
13 admission of Exxon's Exhibits 1 through 7.

14 EXAMINER MORROW: Exhibits 1 through 7 are
15 admitted into the record.

16 EXAMINATION

17 BY EXAMINER MORROW:

18 Q. Mr. Duncan, is Well Number 12 a gas well at this
19 time?

20 A. Yes, it is.

21 Q. And will it remain as a gas well?

22 A. Yes.

23 Q. You're not going to do any work on it, it's just
24 low volume; is that the situation?

25 A. That's correct.

1 EXAMINER MORROW: Thank you, Mr. Duncan.

2 Case Number 10,886 will be taken under
3 advisement.

4 THE WITNESS: Thank you.

5 (Thereupon, these proceedings were concluded at
6 9:01 a.m.)

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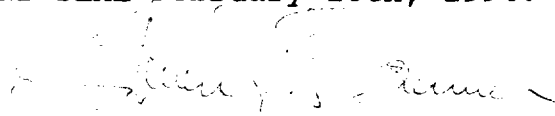
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter
 and Notary Public, HEREBY CERTIFY that the foregoing
 transcript of proceedings before the Oil Conservation
 Division was reported by me; that I transcribed my notes;
 and that the foregoing is a true and accurate record of the
 proceedings.

I FURTHER CERTIFY that I am not a relative or
 employee of any of the parties or attorneys involved in
 this matter and that I have no personal interest in the
 final disposition of this matter.

WITNESS MY HAND AND SEAL February 16th, 1994.


 STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1994

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 10886,
 heard by me on Feb 3 1994.


 _____, Examiner
 Oil Conservation Division