

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. 10886
ORDER NO. R-10063*

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 3, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 16th day of February, 1994 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) The applicant 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, NMPM, Lea County, New Mexico and its New Mexico "S" State Well No. 14, being the 39.76 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.

(3) 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 well located 660 feet from the North and East lines (Unit A) of said Section 2.

(4) Pool rules for the Blinebry Oil and Gas Pool provide for standard gas proration units of 160 acres with each gas well located not 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 or subdivision line.

(5) Applicant's witness testified that Well No. 14 is expected to be reclassified from oil to gas because of additional perforations and a fracture treatment. The well is expected to exceed the allowable resulting from the acreage currently dedicated to it. The non-standard 79.52-acre gas proration unit described in Finding Paragraph No. (3) is therefore requested for Well No. 14.

(6) Applicant's witness also requested that the 39.74-acre non-standard gas proration unit described in Finding Paragraph No. (3) be dedicated to Well No. 12. Although Well No. 12 is a gas well, production from the well does not exceed a 40-acre allowable.

(7) Exhibits were presented at the hearing to show that the proposed gas proration units are located wholly within Exxon's New Mexico "S" State lease.

(8) Applicant's witness provided information to show that all offset operators had been notified and that waivers had been received from three of the offset operators.

(9) No offset operator or other interested party appeared at the hearing in opposition to the proposed gas proration units.

(10) Approval of the requested gas proration units will afford the applicant the opportunity to recover its just and equitable share of hydrocarbons in the Blinebry Oil and Gas Pool and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

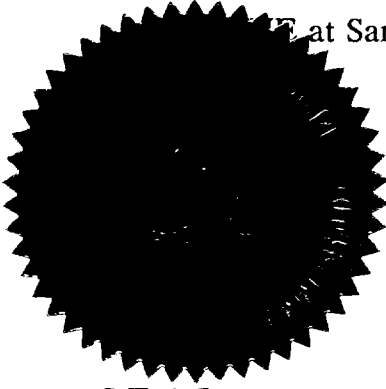
(1) The applicant, Exxon Corporation, is hereby authorized to reorient the existing acreage currently dedicated in the Blinebry Gas Pool to its New Mexico "S" State Wells Nos. 12 and 14 in Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The applicant is authorized to combine Lots 2 and 3 (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 to be dedicated to 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 and to dedicate the remaining 39.74 acres comprising Lot 1 (NE/4 NE/4 equivalent) to the No. 12 well located 660 feet from the North and East lines (Unit A) of said Section 2.

(3) Administrative Orders Nos. NSP-954-A and NSP-1599 are hereby superseded by this order.

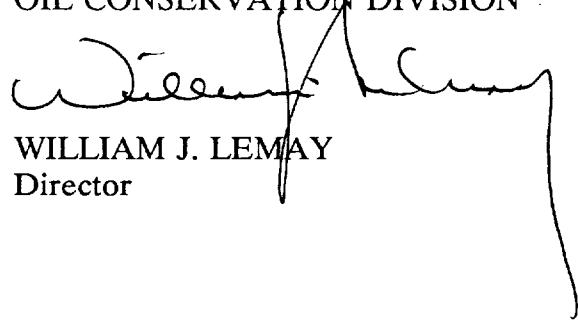
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director