

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:

*(REOPENED) CASE NO. 10444
ORDER NO. R-9696-A*

**APPLICATION OF AMERADA HESS CORPORATION FOR POOL CREATION,
SPECIAL POOL RULES AND THE CONTRACTION OF THE VERTICAL LIMITS
OF THE HOBBS-BLINEBRY POOL, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 1, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 21st day of September, 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) Order No. R-9696, issued in Case 10444 and dated July 17, 1992, provided for the creation of the Hobbs-Lower Blinebry Pool and established Temporary Special Rules for the pool including a provision for 80-acre spacing. The case was reopened to give operators an opportunity to appear and show cause why the temporary rules should not be rescinded and why both the Upper and Lower Blinebry Pools should not be rejoined and redesignated the Hobbs-Blinebry Pool.

(3) Amerada Hess Corporation (Amerada), the original applicant, appeared at the reopened hearing to request continued OCD designation of the Hobbs-Lower Blinebry Pool and permanent adoption of the temporary rules.

(4) Amerada reviewed the evidence which had been presented at the 1992 hearing which showed that its State "A" Well No. 5 had been completed in a new Blinebry reservoir within the horizontal and vertical limits of the Hobbs-Blinebry Pool.

(5) Amerada submitted bottomhole pressure information from the Upper and Lower Blinebry intervals. The pressure difference indicates geological separation of the two zones.

(6) Well log information was submitted which shows a twenty-foot thick shale bed between the Upper and Lower Blinebry intervals.

(7) Data was submitted to show that produced hydrocarbon liquids from the two zones are different. The Upper Blinebry produces black oil with an API gravity of 38.4 degrees. The Lower Blinebry produces gas condensate with a gravity of 49.4 degrees API.

(8) Amerada presented volumetric reserve calculations and then showed by analysis of a pressure versus cumulative recovery plot that their State "A" Well No. 5 is capable of efficiently draining 80 acres.

(9) In April 1994, Amerada's State "A" Well No. 5 averaged 6 BOPD, 2 BWPD and 335 MCF per day. The daily oil allowable under current rules is 222 barrels and the daily gas limit is 444 MCF. There is one other well in the pool, Shell's Shell "A" State Well No. 7. OCD records show that it averaged 2 BOPD, and 64 MCFD in July 1994.

(10) No operator or interest owner appeared at the hearing in opposition to Amerada's request.

(11) Based on the evidence presented by Amerada, the Hobbs-Lower Blinebry Pool designation should be continued and the temporary pool rules should be made permanent.

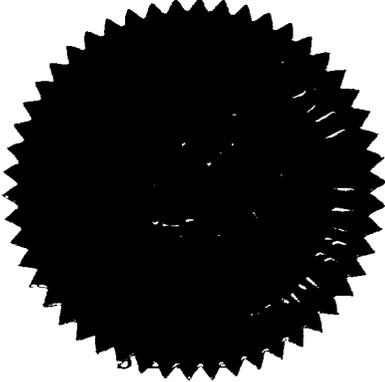
IT IS THEREFORE ORDERED THAT:

(1) The Temporary Special Rules and Regulations for the Hobbs-Lower Blinebry Pool, as adopted in Order No. R-9696, are hereby continued in full force and effect until further order of the Division.

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

(Reopened) Case No. 10444
Order No. R-9696-A
Page No. 3

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read 'William J. Lemay', written over the typed name and extending downwards with a long vertical stroke.

WILLIAM J. LEMAY
Director

**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:

30 100

IN THE MATTER OF CASE NO. 10444 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-9696 WHICH ORDER
PROMULGATED SPECIAL RULES AND
REGULATIONS FOR THE HOBBS-LOWER
BLINEBRY POOL INCLUDING A PROVISION
FOR 80-ACRE SPACING UNITS.

NO. 10444

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Amerada Hess Corporation
c/o E. J. Haas
Post Office Box D
Monument, New Mexico 88265-0052
(505) 393-2144

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Hobbs-Lower Blinebry Pool should not be rescinded and said pool not be developed on 40-acre spacing units and why both the upper and lower Blinebry pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

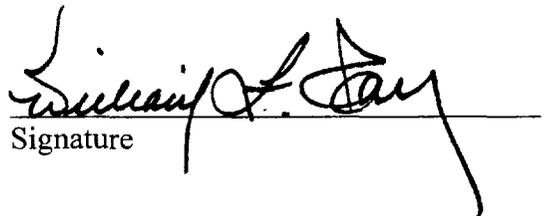
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Eric Haas, Petroleum Engineer	15 Min.	Approximately 5

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

**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:

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IN THE MATTER OF CASE NO. 10444 BEING
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STATEMENT OF CASE

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(Please make a concise statement of what is being sought with this application and the reasons therefore.)

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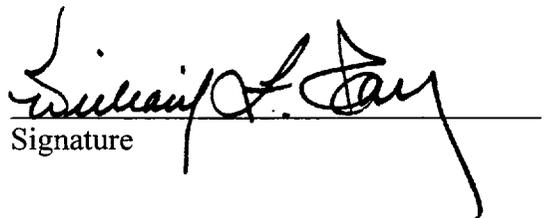
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Eric Haas, Petroleum Engineer	15 Min.	Approximately 5

OTHER PARTY

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(Please identify any procedural matters which need to be resolved prior to hearing)


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**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:

NO. 10444

IN THE MATTER OF CASE NO. 10444 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-9696 WHICH ORDER
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STATEMENT OF CASE

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(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Hobbs-Lower Blinebry Pool should not be rescinded and said pool not be developed on 40-acre spacing units and why both the upper and lower Blinebry pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

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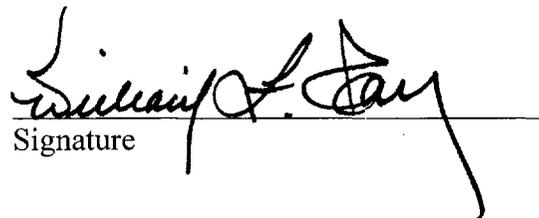
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Eric Haas, Petroleum Engineer	15 Min.	Approximately 5

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

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. 10444
ORDER NO. R-9696 - A

SPECIAL RULES FOR THE HOBBS-LOWER BRINEBRY POOL LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 1, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this _____ day of September, 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) Order No. R-9696 (Case No. 10444 dated July 17, 1992) provided for the creation of the Hobs-Lower Brinebry Pool and established Temporary special rules for the pool including a provision for 80-acre spacing. The case was reopened to give operators an opportunity to appear and show cause why the temporary rules should not be rescinded and why both the Upper and Lower Brinebry Pools should not be rejoined and redesignated the Hobbs-Blinebry Pool.

(3) Amerada Hess Corporation (Amerada), the original applicant, appeared at the reopened hearing to request continued OCD designation of the Hobbs-Lower Brinebry Pool and permanent adoption of the temporary rules.

(4) Amerada reviewed the evidence which had been presented at the 1992 hearing which showed that its State "A" Well No. 5 had been completed in a new Blinebry reservoir within the horizontal and vertical limits of the Hobbs-Blinebry Pool.

(5) Amerada submitted bottom hole pressure information from the Upper and Lower Blinebry intervals. The pressure difference indicates geological separation of the two zones.

(6) Well log information was submitted which shows a 20 foot thick shale bed between the Upper and Lower Blinebry intervals.

(7) Data was submitted to show that produced hydrocarbon liquids from the two zones are different. The Upper Blinebry produces black oil with an API gravity of 38.4 °. The Lower Blinebry produces gas condensate with a gravity of 49.4° API.

(8) Amerada presented volumetric reserve calculations and then showed by analysis of a pressure versus cumulative recovery plot that their State "A" Well No. 5 is capable of efficiently draining 80 acres.

(9) In April, 1994, Amerada's State "A" Well No. 5 averaged 6 BOPD, 2 BWPD and 335 MCF per day. The daily oil allowable under current rules is 222 barrels and the daily gas limit is 444 MCF. There is one other well in the pool, Shell's Shell A State Well No. 7. OCD records show that it averaged 2 BOPD, and 64 MCFD in July 1994.

(10) No operator or interest owner appeared at the hearing in opposition to Amerada's requests.

(11) Based on the evidence presented by Amerada, the Hobbs-Lower Blinebry Pool designation should be continued and the temporary pool rules should be made permanent.

IT IS THEREFORE ORDERED THAT:

(1) The temporary special rules and regulations for the Hobbs-Lower Blinebry Pool as adopted in Order No. R-9696 are hereby continued in full force and effect until further order of the Division.

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

Case No. 10444
Order No. R-9696
Page No. 3

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

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:

*WTR
9/12/94* *MS
D. R. Calahorra*

REOPENED

CASE NO. 10444

ORDER NO. R-9696 -A

*APPLICATION OF AMERADA HESS CORPORATION
FOR POOL CREATION, SPECIAL POOL RULES AND*

~~SPECIAL RULES FOR THE HOBBS LOWER BRINEBRY POOL LEA COUNTY, NEW
MEXICO~~

*THE CONTRACTION OF THE VERTICAL LIMITS OF THE
HOBBS - BLINEBRY POOL LEA COUNTY, NEW MEXICO.*
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 1, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this _____ day of September, 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) *Division issued in* Order No. R-9696 *Case No. 10444* dated July 17, 1992, provided for the creation of the Hobbs-Lower Brinebry Pool and established Temporary Special Rules for the pool including a provision for 80-acre spacing. The case was reopened to give operators an opportunity to appear and show cause why the temporary rules should not be rescinded and why both the Upper and Lower Brinebry Pools should not be rejoined and redesignated the Hobbs-Blinebry Pool.

(3) Amerada Hess Corporation (Amerada), the original applicant, appeared at the reopened hearing to request continued OCD designation of the Hobbs-Lower Brinebry Pool and permanent adoption of the temporary rules.

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Case No. 10444

Order No. R-9696 - A

Page No. 2

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(6) Well log information was submitted which shows a 20 foot thick shale bed between the Upper and Lower Blinebry intervals.

(7) Data was submitted to show that produced hydrocarbon liquids from the two zones are different. The Upper Blinebry produces black oil with an API gravity of 38.4 degrees. The Lower Blinebry produces gas condensate with a gravity of 49.4 degrees API.

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(9) In April, 1994, Amerada's State "A" Well No. 5 averaged 6 BOPD, 2 BWPD and 335 MCF per day. The daily oil allowable under current rules is 222 barrels and the daily gas limit is 444 MCF. There is one other well in the pool, Shell's Shell A State Well No. 7. OCD records show that it averaged 2 BOPD, and 64 MCFD in July 1994.

(10) No operator or interest owner appeared at the hearing in opposition to Amerada's requests.

(11) Based on the evidence presented by Amerada, the Hobbs-Lower Blinebry Pool designation should be continued and the temporary pool rules should be made permanent.

IT IS THEREFORE ORDERED THAT:

(1) The temporary special rules and regulations for the Hobs-Lower Blinebry Pool as adopted in Order No. R-9696 are hereby continued in full force and effect until further order of the Division.

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

Case No. 10444
Order No. R-9696
Page No. 3

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 10444 (DE NOVO)
Order No. R-9696-A

APPLICATION OF AMERADA HESS CORPORATION
FOR POOL CREATION, SPECIAL POOL RULES
AND THE CONTRACTION OF THE VERTICAL
LIMITS OF THE HOBBS-BLINEBRY POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 14, 1993, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 29th day of January, 1993, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

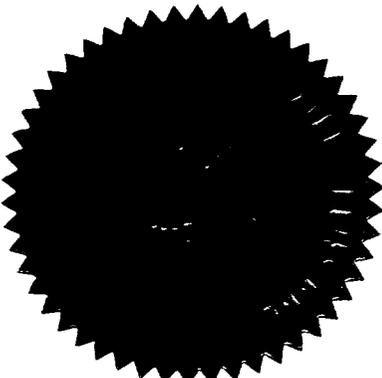
FINDS THAT:

Amerada Hess Corporation, as applicant for hearing De Novo in this case, has requested dismissal thereof and such request should be granted.

IT IS THEREFORE ORDERED THAT:

Case 10444 De Novo is hereby dismissed and Division Order No. R-9696 is hereby continued in full force and effect until further notice.

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



S E A L

fd/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jami Bailey
JAMI BAILEY, Member

Bill Weiss
WILLIAM W. WEISS, Member

William J. Lemay
WILLIAM J. LEMAY, Chairman

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 10444 (DE NOVO)
Order No. R-9696-A

APPLICATION OF AMERADA HESS CORPORATION
FOR POOL CREATION, SPECIAL POOL RULES
AND THE CONTRACTION OF THE VERTICAL
LIMITS OF THE HOBBS-BLINEBRY POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

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This cause came on for hearing at 9 o'clock a.m. on January 14, 1993, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of January, 1993, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

FINDS THAT:

Amerada Hess Corporation, as applicant for hearing De Novo in this case, has requested dismissal thereof and such request should be granted.

IT IS THEREFORE ORDERED THAT:

Case 10444 De Novo is hereby dismissed and Division Order No. R-9696 is hereby continued in full force and effect until further notice.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Handwritten notes:
1/20/93
M.S.
AS
JC
WJ

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:

NOMENCLATURE
CASE NO. 10444
ORDER NO. R-9696

**APPLICATION OF AMERADA HESS CORPORATION
FOR POOL CREATION, SPECIAL POOL RULES AND
THE CONTRACTION OF THE VERTICAL LIMITS OF
THE HOBBS-BLINEBRY POOL, LEA COUNTY, NEW
MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 20, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of July, 1992 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) By Division Order No. R-3530, dated October 22, 1968 and made effective November 1, 1968, the Division created and defined the Hobbs-Blinebry Pool for the production of oil from the Blinebry formation. The horizontal limits for said pool, as currently defined, include the following described lands in Lea County, New Mexico:

Township 18 South, Range 38 East, NMPM

Section 19: S/2
Section 28: SW/4
Section 29: W/2 and SE/4
Section 30: E/2
Section 31: NE/4

Section 32: All
Section 33: N/2 and SW/4
Section 34: W/2

Township 19 South, Range 38 East, NMPM

Section 3: NW/4

(3) The Hobbs-Blinebry Pool is currently governed by the General Statewide Rules and Regulations with development on 40-acre spacing units each having a top unit depth bracket allowable of 107 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 214 MCF per day.

(4) The applicant in this matter, Amerada Hess Corporation ("Amerada"), is an interest owner in the Hobbs-Blinebry Pool and operates one well therein; the State "A" Well No. 5 located in Unit A of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(5) At this time, Amerada seeks the contraction of the vertical limits of said Hobbs-Blinebry Pool in conjunction with the concomitant creation of a new pool for the production of oil from the Lower Blinebry formation within the existing horizontal limits of the Hobbs-Blinebry Pool, as described above. The applicant further seeks the promulgation of special rules for the proposed "Lower Blinebry" pool including provisions for 80-acre oil spacing and proration units, designated well location requirements and for a special gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil.

(6) Although said State "A" Well No. 5 is located within the Hobbs-Blinebry Pool, the geological evidence presented at the hearing demonstrates that said well, which is currently completed and producing from the Blinebry formation through the perforated intervals at 6204 feet to 6210 feet, 6212 feet to 6214 feet and 6269 feet to 6274 feet, has tapped into a previously unproduced common source of supply within the Blinebry formation which exhibits reservoir characteristics that differ somewhat from the upper producing interval of the Blinebry formation found in the other wells completed throughout the pool.

(7) Three other wells within the Hobbs-Blinebry Pool have tested this lower interval of the Blinebry formation whereby it can be established that the reservoir characteristics between the lower and upper Blinebry zones are not the same over the entire pool.

(8) A new oil pool should therefore be created with the vertical limits to include the lower Blinebry formation from a gamma ray marker consisting of a shale bed found at a depth of 6203 feet on the Gamma Ray-Neutron Log dated May 28, 1969 for the State "A" Well No. 5, as described above, to the base of the Blinebry formation. Further, the vertical limits of the Hobbs-Blinebry Pool should be concomitantly contracted to include the top of the Blinebry formation to the above-described "shale marker." The horizontal limits of both zones should comprise the area described in Finding Paragraph No. (2) of this order.

(9) The new "Lower Blinebry" Pool should be designated the Hobbs-Lower Blinebry Pool and the Hobbs-Blinebry Pool should be redesignated the Hobbs-Upper Blinebry Pool.

(10) There is ample evidence in the record of this case to justify the establishment of 80-acre spacing and proration units for the proposed Lower-Blinebry Pool on a temporary basis of twenty-four months. Said temporary rules should provide for well locations to be within 150 feet of the center of a governmental quarter-quarter section, so as to promote orderly development of said new pool.

(11) Subpart A of Section 70-2-3 NMSA 1978 of the "Oil and Gas Act", defines waste as including: "the inefficient, excessive, or improper, use or dissipation of the reservoir energy, including gas energy and water drive, of any pool."

(12) Section 70-2-12.B. (4) and (9), respectively, gives the New Mexico Oil Conservation Division authority to make and enforce rules and regulations:

"(4) To prevent the drowning by water of any stratum or part thereof capable of producing oil or gas, or both oil and gas, in paying quantities, and to prevent the premature and irregular encroachment of water, or any other kind of water encroachment, which reduces or tends to reduce the total ultimate recovery of crude petroleum oil or gas or both such oil and gas, from any pool."

"(9) To require the operation of wells with efficient gas-oil ratios and to fix such ratios."

(13) The immediate two statutory paragraphs above dictate the Division's obligations in the prevention of waste with respect to the production and/or handling of oil and natural gas including the conservation of energy within the reservoir.

(14) Therefore, upon the discovery of a reservoir, the manner in which it will ultimately perform will depend upon the operating principles which are applied and the operating practices imposed. Essentially, the technology applying to petroleum reservoirs is a recognition of the fact that operating practices must be such as to utilize efficiently the energy of production, whatever the type be, in order that the greatest and most economic recovery of petroleum be had. This constitutes the fundamental bases for conservation measures designed to prevent waste.

(15) The New Mexico Oil Conservancy first addressed the assignments of gas/oil ratios to certain pools in Lea County in Case No. 19 which resulted in the issuance of the following four orders:

Order No. 236, dated January 13, 1940;
Order No. 237, dated January 13, 1940;
Order No. 238, dated January 13, 1940; and
Order No. 250, dated March 27, 1940.

(16) In July, 1943, by Order No. 545 issued in Case No. 42, the Oil Conservancy established a limiting gas/oil ratio factor of 2,000 cubic feet of gas per barrel of oil for all new and undesignated pools. This limiting factor has remained in effect since that time and is currently administered under the provisions of Division General Rule 506.

(17) The Division has granted numerous exceptions over the years to the basic 2,000 to 1 gas/oil ratio (of the seventeen Blinebry pools, nine have a 2,000 to 1 ratio, two have 4,000 to 1, two have 6,000 to 1, two have 7,000 to 1, and two are unrestricted due to low production rates and low gas/oil ratio); however, adequate information concerning the particular reservoir and its characteristics were presented, in detail, before such exception was granted.

(18) The applicant in this instance presented insufficient evidence concerning the reservoir characteristics and essential production data to support the establishment of the requested 10,000 to 1 limiting gas/oil ratio factor for the new pool. Therefore, the portion of this application requesting a special gas/oil ratio should not be approved at this time. However, Amerada Hess is encouraged to present any available data to support its request should it still desire a special gas/oil ratio for the newly formed Hobbs-Lower Blinebry Pool.

(19) During the twenty-four month period in which this order is in effect, the applicant, along with the operators in both the upper and lower pools should gather all available information relating to drainage and recoverable reserves in the subject pools.

(20) This case should be reopened at an examiner hearing in June 1994, at which time the operators in the lower pool should appear and show cause why the Hobbs-Lower Blinebry Pool should not be developed on 40-acre spacing and proration units and why both upper and lower pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

IT IS THEREFORE ORDERED THAT:

(1) At the request of the applicant, Amerada Hess Corporation, a new pool for lower Blinebry oil production is hereby created and designated the Hobbs-Lower Blinebry Pool with upper and lower limits defined as the top of the shale bed marker found at a depth of 6203 feet on the Gamma Ray-Neutron Log run May 29, 1969 from a kelly bushing elevation of 3661 feet in the State "A" Well No. 5 located in Unit A of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico to the base of the Blinebry formation and comprising the following described acreage in Lea County, New Mexico:

Township 18 South, Range 38 East, NMPM

Section 19: S/2
Section 28: SW/4
Section 29: W/2 and SE/4
Section 30: E/2
Section 31: NE/4
Section 32: All
Section 33: N/2 and SW/4
Section 34: W/2

Township 19 South, Range 38 East, NMPM

Section 3: NW/4

(2) The vertical limits of the Hobbs-Blinebry Pool is hereby contracted by the deletion of the lower portion of the Blinebry formation which will consist of the newly formed Hobbs-Lower Blinebry Pool as described above. Further, the Hobbs-Blinebry Pool is hereby designated the Hobbs-Upper Blinebry Pool.

(3) The redesignation and vertical contraction of the Hobbs-Blinebry Pool and the concomitant creation of the Hobbs-Lower Blinebry Pool shall become effective June 1, 1992.

(4) Temporary special rules and regulations for the newly formed Hobbs-Lower Blinebry Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE HOBBS-LOWER BLINEBRY POOL**

RULE 1: Each well completed or recompleted in the Hobbs-Lower Blinebry Pool or within one mile thereof, and not nearer to or within the limits of another Blinebry oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2: Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in that unit.

RULE 3: The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within thirty days after the Director has received an application.

RULE 4: Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within twenty days after the Director has received the application.

RULE 6: The allowable for a standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth-bracket allowable of 222 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 444 MCF per day. In the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(5) The applicant's request for a special gas/oil ratio limitation factor of 10,000 cubic feet of gas per barrel of oil for the newly formed Hobbs-Lower Blinebry Pool is hereby denied.

(6) The locations of any other wells presently drilling to or completed in the Hobbs-Lower Blinebry Pool or in the Blinebry formation within one mile thereof, and not nearer to or within the limits of another designated Blinebry pool are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before August 1, 1992.

(7) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the newly formed Hobbs-Lower Blinebry Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Hobbs-Lower Blinebry Pool or in its corresponding vertical limits as described in Decretory Paragraph No. (1), above, or within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(8) This case shall be reopened at an examiner hearing in June, 1994, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Hobbs-Lower Blinebry Pool should not be

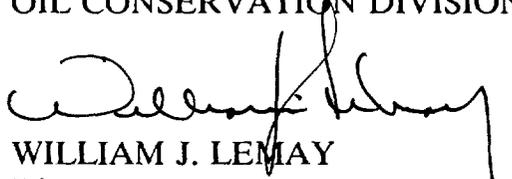
rescinded and said pool not be developed on 40-acre spacing units and why both the upper and lower Blinebry pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

(9) 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

M.S. 6/2/92
AS 6/2/92

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:

DRAFT

CASE NO. 10444
ORDER NO. R-_____

**APPLICATION OF AMERADA HESS CORPORATION FOR
POOL CREATION, SPECIAL POOL RULES AND THE
CONTRACTION OF THE VERTICAL LIMITS OF THE
HOBBS-BLINEBRY POOL, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 20, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of June, 1992 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) By Division Order No. R-3530, dated October 22, 1968 and made effective November 1, 1968, the Division created and defined the Hobbs-Blinebry Pool for the production of oil from the Blinebry formation. The horizontal limits for said pool, as currently defined, include the following described lands in Lea County, New Mexico:

Township 18 South, Range 38 East, NMPM

Section 19: S/2
Section 28: SW/4
Section 29: W/2 and SE/4
Section 30: E/2
Section 31: NE/4
Section 32: All
Section 33: N/2 and SW/4

Section 34: W/2

Township 19 South, Range 38 East, NMPM

Section 3: NW/4

(3) The Hobbs-Blinebry Pool is currently governed by the General Statewide Rules and Regulations with development on 40-acre spacing units each having a top unit depth bracket allowable of 107 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 214 MCF per day.

(4) The applicant in this matter, Amerada Hess Corporation ("Amerada") is an interest owner in the Hobbs-Blinebry Pool and operates one well therein; the State "A" Well No. 5 located in Unit A of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(5) At this time, Amerada seeks the contraction of the vertical limits of said Hobbs-Blinebry Pool in conjunction with the concomitant creation of a new pool for the production of oil from the Lower Blinebry formation within the existing horizontal limits of the Hobbs-Blinebry Pool, as described above. The applicant further seeks the promulgation of special rules for the proposed "Lower Blinebry" pool including provisions for 80-acre oil spacing and proration units, designated well location requirements and for a special gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil.

(6) Although said State "A" Well No. 5 is located within the Hobbs-Blinebry Pool, the geological evidence presented at the hearing demonstrates that said well, which is currently completed and producing from the Blinebry formation through the perforated intervals at 6204 feet to 6210 feet, 6212 feet to 6214 feet and 6269 feet to 6274 feet, and has tapped into a previously unproduced common source of supply within the Blinebry formation which exhibits reservoir characteristics that differ somewhat from the upper producing interval of the Blinebry formation found in the other wells completed throughout the pool.

(7) Three other wells within the Hobbs-Blinebry Pool have tested this lower interval of the Blinebry formation whereby it can be established that the reservoir characteristics between the lower and upper Blinebry zones are not the same over the entire pool.

(8) A new oil pool should therefore be created with the vertical limits to include the lower Blinebry formation from a gamma ray marker consisting of a shale bed found at a depth of 6203 feet on the Gamma Ray-Neutron Log dated May 28, 1969 for the State "A" Well No. 5, as described above, to the base of the Blinebry formation. Further, the vertical limits of the Hobbs-Blinebry Pool should be concomitantly contracted to include the top of

the Blinebry formation to the above-described "shale marker." The horizontal limits of both zones should comprise the area described in Finding Paragraph No. (2) of this order.

(9) The new "Lower Blinebry" Pool should be designated the Hobbs-Lower Blinebry Pool and the Hobbs-Blinebry Pool should be redesignated the Hobbs-Upper Blinebry Pool.

(10) There is ample evidence in the record of this case to justify the establishment of 80-acre spacing and proration units for the proposed Lower-Blinebry Pool on a temporary basis of twenty-four months. Said temporary rules should provide for well locations to be within 150 feet of the center of a governmental quarter-quarter section, as to promote orderly development of said new pool.

() Subpart A of Section 70-2-3 N.M.S.A. 1978 of the
"Oil and Gas Act", defines waste as including

"the inefficient, excessive, or im-
proper, use or dissipation of the
reservoir energy, including gas en-
ergy and water drive, of any pool."

B. (4) and (9), respectively,
() Section 70-2-12, gives the New Mexico Oil
Conservation Division ~~with~~ authority to make
and enforce rules and regulations:

"(4) To prevent the drowning by wa-
ter of any stratum or part thereof
capable of producing oil or gas, or
both oil and gas, in paying quanti-
ties, and to prevent the premature
and irregular encroachment of wa-
ter, or any other kind of water en-
croachment, which reduces or tends
to reduce the total ultimate recov-
ery of crude petroleum oil or gas,
or both such oil and gas, from any
pool."

"(9) To require the operation of wells
with efficient gas-oil ratios and to
fix such ratios."



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

M E M O R A N D U M

TO: All Staff
FROM: Prentiss Childs 
SUBJECT: Health Insurance Meetings, June 5
DATE: June 3, 1992

On Friday, June 5, there will be two one-hour sessions in Morgan Hall to answer questions on the new Insurance Plan.

The sessions will be from 9:30-10:30 and 11-Noon.

Please decide among yourselves, and with your supervisor's approval, who will attend which session.

Juanita, Sylvia and/or Renee of the Personnel and Training Bureau will answer questions and help you fill out the forms.

PC:ma

cc: Juanita Rosales

() The immediate two ~~provisions~~ ^{statutory} paragraphs above dictate the Discretion obligations in the prevention of waste ~~and the conservation~~ of the production and/or handling of oil and natural gas ~~from the various types of reservoirs~~. These ~~would definitely include reservoir classifications~~ and energy ~~drive~~ types, including the conservation of ~~energy~~ energy within the reservoir. Upon the discovery of a reservoir the manner in which it will ultimately perform

() Therefore, will depend upon the operating principles which are applied and ~~which~~ the operating practices imposed. Essentially, the technology applying to petroleum reservoirs is a recognition of the fact that operating practices must be such as to utilize efficiently the energy of production, whatever the type be, in order that the greatest and most economic recovery of petroleum be had. This constitutes the fundamental basis for conservation measures designed to prevent waste.

() The New Mexico Oil Conservancy Board addressed the assignment of gas/oil ratios to certain pools in Lea County in Case No. 19 which resulted in the issuance ~~of three orders~~, in the following three orders:

Order No. 236 dated January 13, 1940;

Order No. 237 dated January 13, 1940; ~~and~~

Order No. ~~238~~²³⁵ dated January 13, 1940, and

Order No. 250 dated March 27, 1940.

~~At~~

In July 1943, by Order No. 545 issued in Case No. 42, the oil conservancy established a ~~the~~ limiting gas-oil ratio factor of 2000 cubic feet of gas per barrel of oil for all new and unhydrofractured pools. This ~~the~~ limiting factor ~~is~~ ^{has remained} ~~in~~ effect ~~through Case Division General Rule 506.~~

Effective since that time and is currently administered under the provisions of Division General Rule 506.

From a friend of
Mary Sue's sister

SUBJECT: EXPENSIVE LESSON - \$250.00 COOKIE RECIPE

My daughter and I had finished a salad at the Neiman-Marcus Cafe in Dallas and decided to have a small dessert. Because our family members are such "Cookie Monsters", we decided to try the Neiman-Marcus Cookie. It was so good that I asked if they would give me the recipe. She said with a frown, "I'm afraid not", "Well", I said, "Would you let me buy the recipe?" With a cute smile, she agreed. I asked how much, and she responded "Two Fifty". I said with approval, "Just add it to my tab".

Thirty days later I received my statement from Neiman-Marcus and it was \$285.00. I looked again and remembered I had only spent \$9.95 for two salads and about \$20 for a scarf. As I glanced at the bottom of the statement said "Cookie Recipe-\$250". Boy was I upset! I called Neiman's accounting office and told them the waitress said it was "two fifty" and did not realize she meant \$250 for a cookie recipe. I asked them to take back the recipe and reduce my bill, but they said they were sorry, but all recipes were this expensive so not just anyone could duplicate the bakery recipes..the bill would stand.

I thought of how I could try to get even or try to get my money back. I just said okay, you folks got my \$250 and now I'm going to have \$250 worth of fun. I told her that I was going to see to it that every cookie lover will have the \$250 recipe from Neiman-Marcus for nothing. She replied "I wish you wouldn't do this." I said, "I'm sorry, but this is the only way I feel I can get even and I will." So here it is, please pass it on to someone else or run a few copies..I paid for it, so now you can have it for free!!!

2 cups butter	1 tsp. salt
2 cups sugar	2 tsp. baking powder
2 cups brown sugar	2 tsp. soda
4 eggs	24 oz. chocolate chips
2 tsp. vanilla	1-8 oz. Hershey bar, grated
4 cups flour	3 cups chopped nuts
5 cups blended oatmeal*	

Cream butter and both sugars. Add eggs and vanilla. Mix together with flour, oatmeal, salt, baking powder and soda. Add chocolate chips, Hershey bar and nuts. Roll into balls and place two inches apart on a cookie sheet. Bake for 10 minutes at 375. Makes 112 cookies (recipe may be halved).

* Measure oatmeal and blend in a blender to a fine powder.

Have fun! This is not a joke - this is a true story!!!!
(believe it or not?????)

Forward on to others.

() The Division has granted numerous exceptions over the years to the basic 2000 to 1 gas/oil ratio of the seventeen Blincoy Oil Pools, nine have a 2000 to 1 ratio, 2 have 4000 to 1, 2 have 6000 to 1, 2 have 7000 to 1 and 2 are listed as unrestricted due to low production rates and lowGORs) however adequate information concerning the particular reservoir and its characteristics where presented, in detail ~~may~~ for many, before such exception was ever granted.

() The applicant in this instance presented insufficient evidence concerning the reservoir characteristics and essential production ~~and~~ data to support the establishment of the requested 10,000 to 1 limiting gas/oil ratio factor for the ~~proposed~~ new pool; therefore, that portion of

This application requesting a special gas/oil ratio should be denied at this time. However, Amerada Hess should present any available data to support their request ~~and~~ should it ~~denies~~ still desire a special GOR.

Section 31: NE/4
Section 32: All
Section 33: N/2 and SW/4
Section 34: W/2

Township 19 South, Range 38 East, NMPM

Section 3: NW/4

(2) The vertical limits of the Hobbs-Blinebry Pool is hereby contracted by the deletion of the lower portion of the Blinebry formation which will consist of the newly formed Hobbs-Lower Blinebry Pool as described above. Further, the Hobbs-Blinebry Pool is hereby designated the Hobbs-Upper Blinebry Pool.

(3) The redesignation and vertical contraction of the Hobbs-Blinebry Pool and the concomitant creation of the Hobbs-Lower Blinebry Pool shall become effective June 1, 1992.

(4) Temporary special rules and regulations for the newly formed Hobbs-Lower Blinebry Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE HOBBS-LOWER BLINEBRY POOL**

RULE 1: Each well completed or recompleted in the Hobbs-Lower Blinebry Pool or within one mile thereof, and not nearer to or within the limits of another Blinebry oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2: Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in that unit.

RULE 3: The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that

such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within thirty days after the Director has received an application.

RULE 4: Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within twenty days after the Director has received the application.

RULE 6: The allowable for a standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth-bracket allowable of 222 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 444 MCF per day. In the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(5) The applicant's request for a special gas/oil ratio limitation factor of 10,000 cubic feet of gas per barrel of oil for the newly formed Hobbs-Lower Blinebry Pool is hereby **denied**.

(6) The locations of any other wells presently drilling to or completed in the Hobbs-Lower Blinebry Pool or in the Blinebry formation within one mile thereof, and not nearer to or within the limits of another designated Blinebry pool are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before August 1, 1992.

(7) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in

Chapter 271, Laws of 1969, existing wells in the newly formed Hobbs-Lower Blinebry Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Hobbs-Lower Blinebry Pool or in its corresponding vertical limits as described in Decretory Paragraph No. (1), above, or within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(8) This case shall be reopened at an examiner hearing in June, 1994, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Hobbs-Lower Blinebry Pool should not be rescinded and said pool not be developed on 40-acre spacing units and why both the upper and lower Blinebry pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

(9) 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

**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. 10444

APPLICATION OF AMERADA HESS CORPORATION
FOR POOL CONTRACTION, POOL CREATION,
AND PROMULGATION OF SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

RECEIVED

FEB 14 1992

PRE-HEARING STATEMENT

OIL CONSERVATION DIV.
SANTA FE

This prehearing statement is submitted by William F. Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Amerada Hess Corporation
Post Office Drawer D
Monument, New Mexico 88265
Attn: Ms Denise Wann

William F. Carr
Campbell, Carr, Berge & Sheridan
Post Office Box 2208
Santa Fe, New Mexico 87504

(505) 393-2883 _____
name, address, phone and
contact person

(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

Amerada Hess Corporation, applicant in the above-styled cause, seeks the creation of a new pool for the production of oil from the Lower Blinebry formation and the promulgation of special pool rules therefor, including provisions for 80-acre oil spacing and proration units, designated well location requirements and a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Applicant also seeks the concomitant contraction of the vertical limits of the Hobbs-Blinebry Pool in conjunction with the creation of said new Lower Blinebry oil pool within the existing horizontal boundaries of the Hobbs-Blinebry Pool in portions of Townships 18 and 19 South, Range 38 East.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

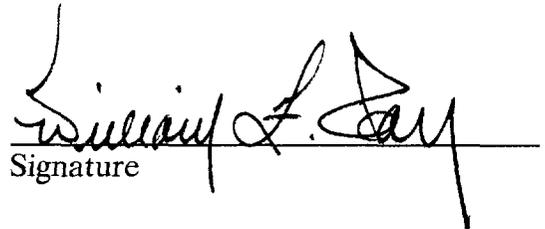
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Denise Wann (Petroleum Engineer)	20 Min.	Approximately 9

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS


Signature

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
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FEB 14 1992

OIL CONSERVATION DIV.
SANTA FE

PRE-HEARING STATEMENT

This prehearing statement is submitted by William F. Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Amerada Hess Corporation
Post Office Drawer D
Monument, New Mexico 88265
Attn: Ms Denise Wann

(505) 393-2883 _____
name, address, phone and
contact person

ATTORNEY

William F. Carr
Campbell, Carr, Berge & Sheridan
Post Office Box 2208
Santa Fe, New Mexico 87504

(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

Amerada Hess Corporation, applicant in the above-styled cause, seeks the creation of a new pool for the production of oil from the Lower Blinebry formation and the promulgation of special pool rules therefor, including provisions for 80-acre oil spacing and proration units, designated well location requirements and a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Applicant also seeks the concomitant contraction of the vertical limits of the Hobbs-Blinebry Pool in conjunction with the creation of said new Lower Blinebry oil pool within the existing horizontal boundaries of the Hobbs-Blinebry Pool in portions of Townships 18 and 19 South, Range 38 East.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

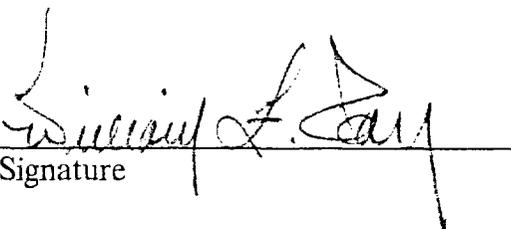
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Denise Wann (Petroleum Engineer)	20 Min.	Approximately 9

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS


Signature

**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. 10444

APPLICATION OF AMERADA HESS CORPORATION
FOR POOL CONTRACTION, POOL CREATION,
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LEA COUNTY, NEW MEXICO.

RECEIVED

FEB 14 1992

OIL CONSERVATION DIV.
SANTA FE

PRE-HEARING STATEMENT

This prehearing statement is submitted by William F. Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Amerada Hess Corporation
Post Office Drawer D
Monument, New Mexico 88265
Attn: Ms Denise Wann

(505) 393-2883 _____
name, address, phone and
contact person

ATTORNEY

William F. Carr
Campbell, Carr, Berge & Sheridan
Post Office Box 2208
Santa Fe, New Mexico 87504

(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

Amerada Hess Corporation, applicant in the above-styled cause, seeks the creation of a new pool for the production of oil from the Lower Blinebry formation and the promulgation of special pool rules therefor, including provisions for 80-acre oil spacing and proration units, designated well location requirements and a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Applicant also seeks the concomitant contraction of the vertical limits of the Hobbs-Blinebry Pool in conjunction with the creation of said new Lower Blinebry oil pool within the existing horizontal boundaries of the Hobbs-Blinebry Pool in portions of Townships 18 and 19 South, Range 38 East.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

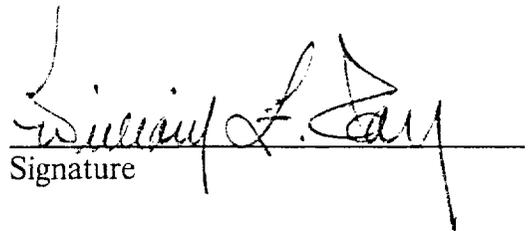
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Denise Wann (Petroleum Engineer)	20 Min.	Approximately 9

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS


Signature

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

MS 7/14/92

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

DL 7/1/92
RS 7/14/92
-SKL 7/15/92
NOMENCLATURE
CASE NO. 10444
ORDER NO. R-9696
WA 7/12/92

APPLICATION OF AMERADA HESS CORPORATION FOR
POOL CREATION, SPECIAL POOL RULES AND THE
CONTRACTION OF THE VERTICAL LIMITS OF THE
HOBBS-BLINEBRY POOL, LEA COUNTY, NEW MEXICO

DRAFT #2

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 20, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of July, 1992 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) By Division Order No. R-3530, dated October 22, 1968 and made effective November 1, 1968, the Division created and defined the Hobbs-Blinebry Pool for the production of oil from the Blinebry formation. The horizontal limits for said pool, as currently defined, include the following described lands in Lea County, New Mexico:

Township 18 South, Range 38 East, NMPM

- Section 19: S/2
- Section 28: SW/4
- Section 29: W/2 and SE/4
- Section 30: E/2
- Section 31: NE/4

Section 32: All
Section 33: N/2 and SW/4
Section 34: W/2

Township 19 South, Range 38 East, NMPM

Section 3: NW/4

(3) The Hobbs-Blinebry Pool is currently governed by the General Statewide Rules and Regulations with development on 40-acre spacing units each having a top unit depth bracket allowable of 107 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 214 MCF per day.

(4) The applicant in this matter, Amerada Hess Corporation ("Amerada"), is an interest owner in the Hobbs-Blinebry Pool and operates one well therein; the State "A" Well No. 5 located in Unit A of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(5) At this time, Amerada seeks the contraction of the vertical limits of said Hobbs-Blinebry Pool in conjunction with the concomitant creation of a new pool for the production of oil from the Lower Blinebry formation within the existing horizontal limits of the Hobbs-Blinebry Pool, as described above. The applicant further seeks the promulgation of special rules for the proposed "Lower Blinebry" pool including provisions for 80-acre oil spacing and proration units, designated well location requirements and for a special gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil.

(6) Although said State "A" Well No. 5 is located within the Hobbs-Blinebry Pool, the geological evidence presented at the hearing demonstrates that said well, which is currently completed and producing from the Blinebry formation through the perforated intervals at 6204 feet to 6210 feet, 6212 feet to 6214 feet and 6269 feet to 6274 feet, and has tapped into a previously unproduced common source of supply within the Blinebry formation which exhibits reservoir characteristics that differ somewhat from the upper producing interval of the Blinebry formation found in the other wells completed throughout the pool.

(7) Three other wells within the Hobbs-Blinebry Pool have tested this lower interval of the Blinebry formation whereby it can be established that the reservoir characteristics between the lower and upper Blinebry zones are not the same over the entire pool.

(8) A new oil pool should therefore be created with the vertical limits to include the lower Blinebry formation from a gamma ray marker consisting of a shale bed found at a depth of 6203 feet on the Gamma Ray-Neutron Log dated May 28, 1969 for the State "A" Well No. 5, as described above, to the base of the Blinebry formation. Further, the vertical limits of the Hobbs-Blinebry Pool should be concomitantly contracted to include the top of the Blinebry formation to the above-described "shale marker." The horizontal limits of both zones should comprise the area described in Finding Paragraph No. (2) of this order.

(9) The new "Lower Blinebry" Pool should be designated the Hobbs-Lower Blinebry Pool and the Hobbs-Blinebry Pool should be redesignated the Hobbs-Upper Blinebry Pool.

(10) There is ample evidence in the record of this case to justify the establishment of 80-acre spacing and proration units for the proposed Lower-Blinebry Pool on a temporary basis of twenty-four months. Said temporary rules should provide for well locations to be within 150 feet of the center of a governmental quarter-quarter section, ⁵⁶ as to promote orderly development of said new pool.

(11) Subpart A of Section 70-2-3 NMSA 1978 of the "Oil and Gas Act", defines waste as including: "the inefficient, excessive, or improper, use or dissipation of the reservoir energy, including gas energy and water drive, of any pool."

(12) Section 70-2-12.B. (4) and (9), respectively, gives the New Mexico Oil Conservation Division authority to make and enforce rules and regulations:

"(4) To prevent the drowning by water of any stratum or part thereof capable of producing oil or gas, or both oil and gas, in paying quantities, and to prevent the premature and irregular encroachment of water, or any other kind of water encroachment, which reduces or tends to reduce the total ultimate recovery of crude petroleum oil or gas or both such oil and gas, from any pool."

"(9) To require the operation of wells with efficient gas-oil ratios and to fix such ratios."

(13) The immediate two statutory paragraphs above dictate the Division's obligations in the prevention of waste with respect to the production and/or handling of oil and natural gas including the conservation of energy within the reservoir.

(14) Therefore, upon the discovery of a reservoir, the manner in which it will ultimately perform will depend upon the operating principles which are applied and the operating practices imposed. Essentially, the technology applying to petroleum reservoirs is a recognition of the fact that operating practices must be such as to utilize efficiently the energy of production, whatever the type be, in order that the greatest and most economic recovery of petroleum be had. This constitutes the fundamental bases for conservation measures designed to prevent waste.

DK

(15) The New Mexico Oil Conservancy first addressed the assignments of gas/oil ratios to certain pools in Lea County in Case No. 19 which resulted in the issuance of the following four orders:

Order No. 236, dated January 13, 1940;
Order No. 237, dated January 13, 1940;
Order No. 238, dated January 13, 1940; and
Order No. 250, dated March 27, 1940.

(16) In July, 1943, by Order No. 545 issued in Case No. 42, the Oil Conservancy established a limiting gas/oil ratio factor of 2,000 cubic feet of gas per barrel of oil for all new and undesignated pools. This limiting factor has remained in effect since that time and is currently administered under the provisions of Division General Rule 506.

(17) The Division has granted numerous exceptions over the years to the basic 2,000 to 1 gas/oil ratio (of the seventeen Blinbry pools, nine have a 2,000 to 1 ratio, two have 4,000 to 1, two have 6,000 to 1, two have 7,000 to 1, and two are unrestricted due to low production rates and low gas/oil ratios) however, adequate information concerning the particular reservoir and its characteristics were presented, in detail for many, before such exception was granted.

(18) The applicant in this instance presented insufficient evidence concerning the reservoir characteristics and essential production data to support the establishment of the requested 10,000 to 1 limiting gas/oil ratio factor for the new pool. Therefore, the portion of this application requesting a special gas/oil ratio should be ~~denied~~ *not be approved* at this time. However, Amerada Hess ~~should~~ present any available data to support ~~their~~ request should it still desire a special gas/oil ratio *for the newly formed Hobbs Lower Blinbry Pool.*

(19) During the twenty-four month period in which this order is in effect, the applicant, along with the operators in both the upper and lower pools should gather all available information relating to drainage and recoverable reserves in the subject pools.

is encouraged to

(20) This case should be reopened at an examiner hearing in June 1994, at which time the operators in the lower pool should appear and show cause why the Hobbs-Lower Blinebry Pool should not be developed on 40-acre spacing and proration units and why both upper and lower pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

IT IS THEREFORE ORDERED THAT:

(1) At the request of the applicant, Amerada Hess Corporation, a new pool for lower Blinebry oil production is hereby created and designated the Hobbs-Lower Blinebry Pool with upper and lower limits defined as the top of the shale bed marker found at a depth of 6203 feet on the Gamma Ray-Neutron Log run May 29, 1969 from a kelly bushing elevation of 3661 feet in the State "A" Well No. 5 located in Unit A of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico to the base of the Blinebry formation and comprising the following described acreage in Lea County, New Mexico:

Township 18 South, Range 38 East, NMPM

Section 19: S/2
Section 28: SW/4
Section 29: W/2 and SE/4
Section 30: E/2
Section 31: NE/4
Section 32: All
Section 33: N/2 and SW/4
Section 34: W/2

Township 19 South, Range 38 East, NMPM

Section 3: NW/4

(2) The vertical limits of the Hobbs-Blinebry Pool is hereby contracted by the deletion of the lower portion of the Blinebry formation which will consist of the newly formed Hobbs-Lower Blinebry Pool as described above. Further, the Hobbs-Blinebry Pool is hereby designated the Hobbs-Upper Blinebry Pool.

(3) The redesignation and vertical contraction of the Hobbs-Blinebry Pool and the concomitant creation of the Hobbs-Lower Blinebry Pool shall become effective June 1, 1992.

(4) Temporary special rules and regulations for the newly formed Hobbs-Lower Blinebry Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE HOBBS-LOWER BLINEBRY POOL**

RULE 1: Each well completed or recompleted in the Hobbs-Lower Blinebry Pool or within one mile thereof, and not nearer to or within the limits of another Blinebry oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2: Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in that unit.

RULE 3: The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within thirty days after the Director has received an application.

RULE 4: Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within twenty days after the Director has received the application.

RULE 6: The allowable for a standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth-bracket allowable of 222 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 444 MCF per day. In the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(5) The applicant's request for a special gas/oil ratio limitation factor of 10,000 cubic feet of gas per barrel of oil for the newly formed Hobbs-Lower Blinebry Pool is hereby **denied**.

(6) The locations of any other wells presently drilling to or completed in the Hobbs-Lower Blinebry Pool or in the Blinebry formation within one mile thereof, and not nearer to or within the limits of another designated Blinebry pool are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before August 1, 1992.

(7) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the newly formed Hobbs-Lower Blinebry Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Hobbs-Lower Blinebry Pool or in its corresponding vertical limits as described in Decretory Paragraph No. (1), above, or within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(8) This case shall be reopened at an examiner hearing in June, 1994, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Hobbs-Lower Blinebry Pool should not be rescinded and said pool not be developed on 40-acre spacing units and why both the upper and lower

Case No. 10444
Order No. R-
Page No. 8

Blinebry pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

(9) 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

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
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JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 28, 1992

HAND-DELIVERED

RECEIVED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

JAN 28 1992

OIL CONSERVATION DIV.
SANTA FE

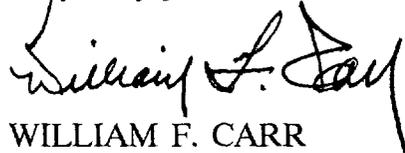
10444

Re: In the Matter of the Application of Amerada Hess Corporation for Pool
Contraction, Pool Creation, and Promulgation of Special Pool Rules, Lea
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Amerada Hess Corporation in the above-
referenced case. Amerada Hess Corporation respectfully requests that this matter be
placed on the docket for the February 20, 1992 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Ms Denise Wann
Amerada Hess Corporation
Post Office Drawer D
Monument, New Mexico 88265

Mr. Gib Miller
Amerada Hess Corporation
218 W. 6th Street
Tulsa, Oklahoma 74119

STATE OF NEW MEXICO

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

OIL CONSERVATION DIVISION

RECEIVED

JAN 28 1992

OIL CONSERVATION DIV.
SANTA FE

IN THE MATTER OF THE APPLICATION
OF AMERADA HESS CORPORATION FOR
POOL CONTRACTION, POOL CREATION,
AND PROMULGATION OF SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

CASE NO. 10444

APPLICATION

COMES NOW AMERADA HESS CORPORATION, by and through their undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order contracting the vertical limits of the Hobbs-Blinebry Pool, creating a new pool within the horizontal limits of the Hobbs-Blinebry Pool in the lower Blinebry formation and the promulgation of Special Rules and Regulations for this new pool, including provisions for 80-acre spacing or proration units and a special gas/oil ratio of 10,000 to 1 and in support thereof states:

1. Amerada Hess Corporation is an interest owner in the Hobbs-Blinebry Pool and operates wells therein which produce from the Blinebry formation.
2. The Hobbs-Blinebry Pool was created by the Division on November 1, 1968 by Order No. R-3530 which has been extended from time to time to include the following lands:

Township 18 South, Range 38 East, N.M.P.M.

Section 19: S/2
Section 28: SW/4
Section 29: S/2, NW/4

Section 30: E/2
Section 31: NE/4
Section 32: All
Section 33: N/2, SW/4
Section 34: W/2

Township 19 South, Range 38 East, N.M.P.M.

Section 3: NW/4

3. Applicant is the operator of the State A No. 5 Well located in Unit A of Section 32, Township 18 South, Range 38 East, which is completed in the Lower Blinebry formation in a perforated interval from 6,204 feet to 6,275 feet. Production and pressure data from this zone establish that this portion of the lower Blinebry formation is a new and separate common source of supply.

4. Current allowable limitations on the Amerada Hess State A No. 5 and other wells completed in this lower portion of the Blinebry formation result in inefficient operations and discourage the further development of this portion of the formation.

5. Applicant seeks contraction of the vertical limits of the Hobbs-Blinebry Pool and the creation of a new oil pool in the Lower Blinebry formation within the horizontal boundaries of the Hobbs-Blinebry Pool in the vertical interval from a minus 6,000 feet to the base of the Blinebry formation.

6. Applicant also seeks the promulgation of Special Rules and Regulations for this new pool including 80-acre oil well spacing or proration units with wells located within 150 feet of the center of a quarter-quarter section or Lot, and a special gas-oil ratio of 10,000 to 1.

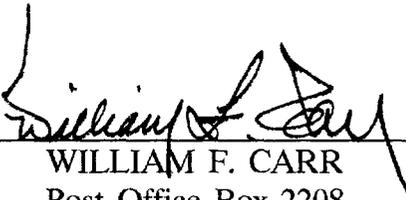
7. Approval of this application will prevent waste, will not impair the correlative

rights of any interest owner in the area, and will result in effective and efficient operations in this portion of the Blinebry formation.

WHEREFORE, Amerada Hess Corporation, requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 20, 1992 and that, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMERADA HESS
CORPORATION

STATE OF NEW MEXICO

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

OIL CONSERVATION DIVISION

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AND PROMULGATION OF SPECIAL POOL RULES,
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OIL CONSERVATION DIV.
SANTA FE

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1. Amerada Hess Corporation is an interest owner in the Hobbs-Blinebry Pool and operates wells therein which produce from the Blinebry formation.

2. The Hobbs-Blinebry Pool was created by the Division on November 1, 1968 by Order No. R-3530 which has been extended from time to time to include the following lands:

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Section 34: W/2

Township 19 South, Range 38 East, N.M.P.M.

Section 3: NW/4

3. Applicant is the operator of the State A No. 5 Well located in Unit A of Section 32, Township 18 South, Range 38 East, which is completed in the Lower Blinebry formation in a perforated interval from 6,204 feet to 6,275 feet. Production and pressure data from this zone establish that this portion of the lower Blinebry formation is a new and separate common source of supply.

4. Current allowable limitations on the Amerada Hess State A No. 5 and other wells completed in this lower portion of the Blinebry formation result in inefficient operations and discourage the further development of this portion of the formation.

5. Applicant seeks contraction of the vertical limits of the Hobbs-Blinebry Pool and the creation of a new oil pool in the Lower Blinebry formation within the horizontal boundaries of the Hobbs-Blinebry Pool in the vertical interval from a minus 6,000 feet to the base of the Blinebry formation.

6. Applicant also seeks the promulgation of Special Rules and Regulations for this new pool including 80-acre oil well spacing or proration units with wells located within 150 feet of the center of a quarter-quarter section or Lot, and a special gas-oil ratio of 10,000 to 1.

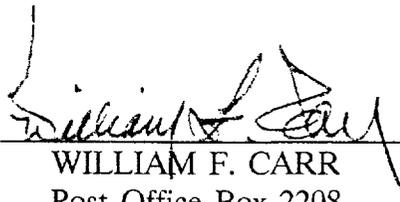
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rights of any interest owner in the area, and will result in effective and efficient operations in this portion of the Blinebry formation.

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Respectfully submitted,

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMERADA HESS
CORPORATION

STATE OF NEW MEXICO

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

OIL CONSERVATION DIVISION

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IN THE MATTER OF THE APPLICATION
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OIL CONSERVATION DIV.
SANTA FE

CASE NO. 10444

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1. Amerada Hess Corporation is an interest owner in the Hobbs-Blinebry Pool and operates wells therein which produce from the Blinebry formation.
2. The Hobbs-Blinebry Pool was created by the Division on November 1, 1968 by Order No. R-3530 which has been extended from time to time to include the following lands:

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Section 31: NE/4
Section 32: All
Section 33: N/2, SW/4
Section 34: W/2

Township 19 South, Range 38 East, N.M.P.M.

Section 3: NW/4

3. Applicant is the operator of the State A No. 5 Well located in Unit A of Section 32, Township 18 South, Range 38 East, which is completed in the Lower Blinebry formation in a perforated interval from 6,204 feet to 6,275 feet. Production and pressure data from this zone establish that this portion of the lower Blinebry formation is a new and separate common source of supply.

4. Current allowable limitations on the Amerada Hess State A No. 5 and other wells completed in this lower portion of the Blinebry formation result in inefficient operations and discourage the further development of this portion of the formation.

5. Applicant seeks contraction of the vertical limits of the Hobbs-Blinebry Pool and the creation of a new oil pool in the Lower Blinebry formation within the horizontal boundaries of the Hobbs-Blinebry Pool in the vertical interval from a minus 6,000 feet to the base of the Blinebry formation.

6. Applicant also seeks the promulgation of Special Rules and Regulations for this new pool including 80-acre oil well spacing or proration units with wells located within 150 feet of the center of a quarter-quarter section or Lot, and a special gas-oil ratio of 10,000 to 1.

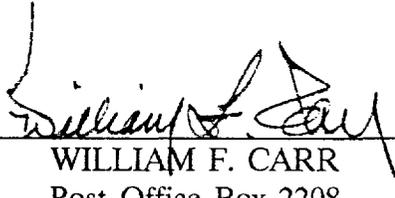
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Respectfully submitted,

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMERADA HESS
CORPORATION

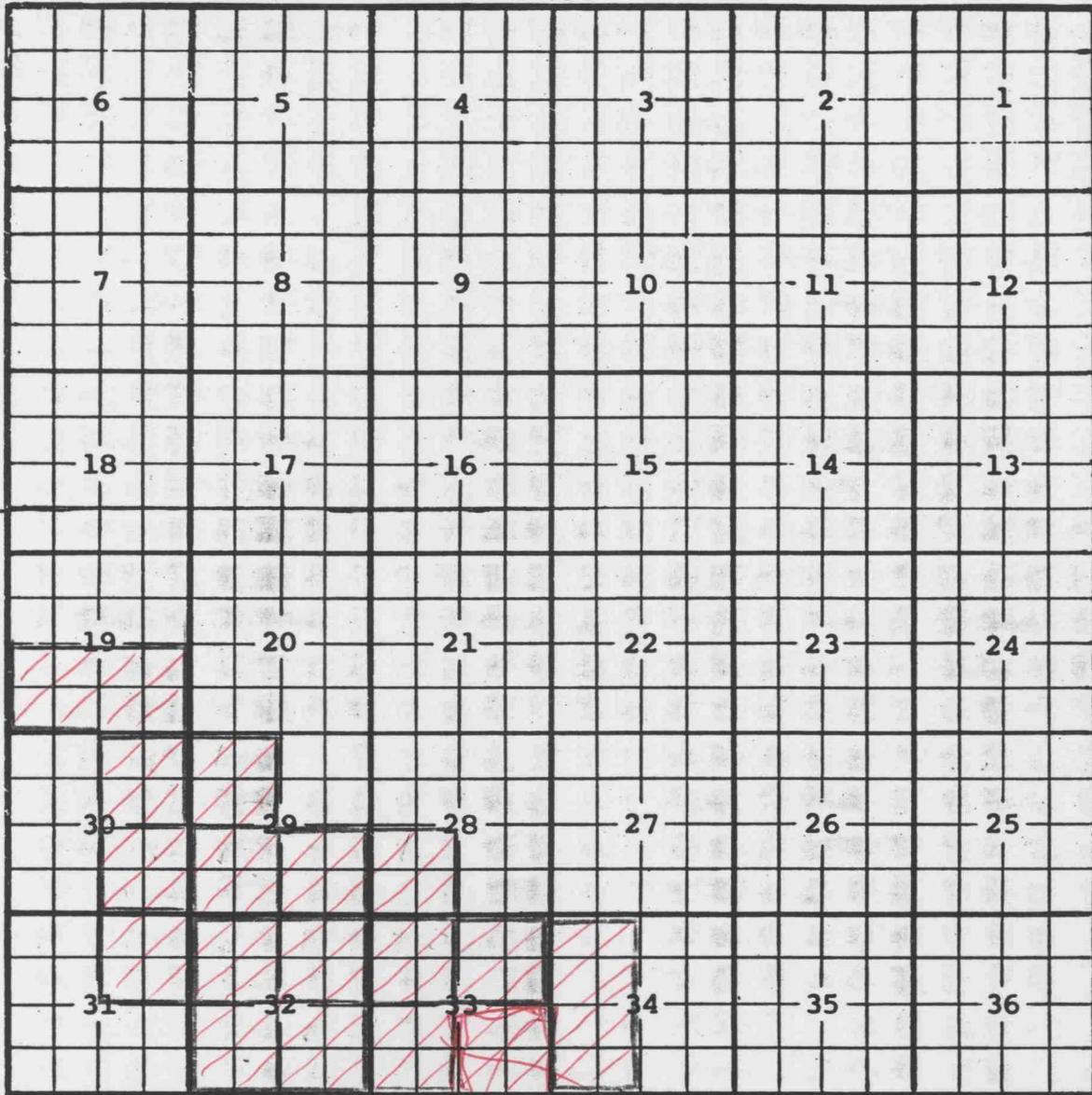
COUNTY *Lea*

POOL *Hobbs - Blinbry*

TOWNSHIP *18 South*

RANGE *38 East*

NMPM



Description: $\frac{NW}{4}$ Sec. 32 (R-3530, 11-1-68)

Ext: $\frac{SW}{4}$ Sec. 29; $\frac{SW}{4}$ Sec. 32 (R-373, 5-1-69) - $\frac{SE}{4}$ Sec. 30; $\frac{NE}{4}$ Sec. 32 (R-3780, 7-1-69)

- $\frac{SE}{4}$ Sec. 29; $\frac{NE}{4}$ Sec. 30; $\frac{NE}{4}$ Sec. 31 (R-3818, 9-1-69) - $\frac{NW}{4}$ Sec. 29; $\frac{SE}{4}$ Sec. 32;

$\frac{NW}{4}$ Sec. 33 (R-3853, 11-1-69) - $\frac{SW}{4}$ Sec. 28 (R-3895, 1-1-70) - $\frac{NE}{4}$ Sec. 33 (R-3964, 6-1-70)

- $\frac{S}{2}$ Sec. 19 (R-4014, 9-1-70) Ext: $\frac{NE}{4}$ Sec. 33 (R-4995, 5-1-75) Ext: $\frac{W}{2}$ sec 34,

(R-6923, 3-9-82) Ext: $\frac{S}{4}$ SEC 33 (R-8603, 7/19/82)

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

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Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

February 28, 1992

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
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HAND-DELIVERED

Re: New Mexico Oil Conservation Case No. 10444
Application of Amerada Hess Corporation for Pool Contraction, Pool
Creation and Promulgation of Special Pool Rules, Lea County, New Mexico

Dear Mike:

Pursuant to your request, I am enclosing a letter from Denise Wann, Senior Petroleum Engineer for Amerada Hess Corporation in Monument, which describes the Blinebry formation in the area which is the subject of the above-referenced application.

Also enclosed are additional copies of the Amerada Hess cross-sections which were offered into evidence in this case as its Exhibits 4 and 5.

If you need anything further from us to proceed with your consideration of this case, please advise.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/o enc.: Denise Wann
Amerada Hess Corporation
Post Office Drawer D
Monument, New Mexico 88265

Mr. Gib Miller
Amerada Hess Corporation
218 W. Sixth Street
Tulsa, Oklahoma 74119

RECEIVED

FEB 28 1992
OIL CONSERVATION DIV.
SANTA FE

AMERADA HESS CORPORATION

P. O. DRAWER "D"
MONUMENT, NEW MEXICO 88265

February 28, 1992

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

ATTN: Mike Stogner

Re: State "A" #5 - Description of Blinebry Formation

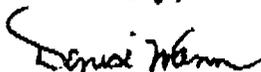
Dear Sir:

The Blinebry formation, the most productive and developed deep reservoir in the Hobbs field, occurs at an average depth of -2090' S.S. Blinebry oil production is dependent upon structural position on the elongated, closed anticlinal structure. The Blinebry reservoir consists of numerous limestone and dolomite zones with an average porosity of 10 percent.

The Lower Blinebry zone falls 200' to 300' below the common completion interval in the Blinebry formation, as identified by a thin shale bed overlying a porosity stringer. The Lower Blinebry formation consists of limestone and dolomite with an average porosity of 9 percent.

If further information is needed please contact me at 505-393-0253.

Sincerely,



Denise Wann
Senior Petroleum Engineer