

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. 9399
Order No. R-8708

APPLICATION OF EXXON CORPORATION
TO AMEND DIVISION ORDER DHC-195, AS
AMENDED, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 4th day of August, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) Division Case Nos. 9398 and 9399 were consolidated at the time of the hearing for the purpose of testimony.

(3) By Order DHC-195, as amended, dated April 5, 1988, the Division authorized Exxon Corporation to commingle the production from the Drinkard, Wantz-Granite Wash, and Blinebry Oil and Gas Pools within the wellbore of its N.G. Penrose Well No. 3 located 1980 feet from the North and East lines (Unit G) of Section 13, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, subject to the following provisions:

"a. Each newly completed zone shall be separately tested a minimum of 30 days or until such time as the production has stabilized.

b. The Blinebry zone shall not be commingled should it be determined after testing that said zone is a gas zone subject to the Gas Proration Rules and Regulations for the Blinebry Oil and Gas Pool."

(4) The applicant, Exxon Corporation, seeks the amendment of said Order DHC-195 by removing from said order the testing provisions of the Blinebry zone.

(5) The Division has instituted said provisions to Order DHC-195 in order to ensure the protection of correlative rights of the various operators within the Blinebry Oil and Gas Pool should the Blinebry zone in the subject well be completed as a gas zone subject to the General Rules for the Prorated Gas Pools in New Mexico as promulgated by Division Order No. R-8170, as amended.

(6) The applicant presented production data from several Blinebry wells in the area of the N.G. Penrose Well No. 3 which indicates that Blinebry completions below a depth of approximately -2250 sub-sea result in producing gas-oil ratios of less than 16,000 standard cubic feet of gas per barrel of oil.

(7) This data also indicates that Blinebry completions above a depth of approximately -2250 feet sub-sea have resulted in producing gas-oil ratios in excess of 224,000 standard cubic feet of gas per barrel of oil.

(8) The evidence presented indicates that there exists substantial control within the Blinebry formation in this area.

(9) The applicant testified that it intends to perforate and complete only the oil-bearing portions (those at depths deeper than -2250 sub-sea) of the Blinebry formation in the N.G. Penrose Well No. 3 and, as a result, should obtain a producing oil well in the Blinebry Oil and Gas Pool.

(10) The applicant further presented evidence and testimony which indicate that requiring the Blinebry zone to be separately tested within the subject well would substantially increase workover and completion costs which may in turn render the proposal uneconomic.

(11) Approval of the proposed amendment to Order DHC-195 will result in the recovery of additional reserves from the Blinebry Oil and Gas Pool, thereby preventing waste, and will not violate correlative rights provided that the applicant does not perforate and complete said zone in the gas bearing interval described in Finding No. (7) above.

IT IS THEREFORE ORDERED THAT:

(1) Division Order DHC-195, as amended, issued April 5, 1988, is hereby amended by the deletion therefrom of the following provisions:

"a. Each newly completed zone shall be separately tested a minimum of 30 days or until such time as the production has stabilized.

b. The Blinebry zone shall not be commingled should it be determined after testing that said zone is a gas zone subject to the Gas Proration Rules and Regulations for the Blinebry Oil and Gas Pool."

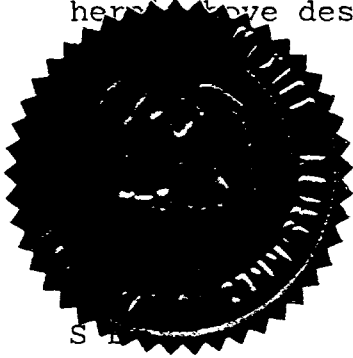
PROVIDED HOWEVER THAT, the applicant shall perforate and complete only that portion of the Blinebry zone identified in Finding No. (6) as being oil bearing and located at a depth greater than -2250 sub-sea.

(2) All other provisions contained in Order DHC-195 shall remain in full force and effect.

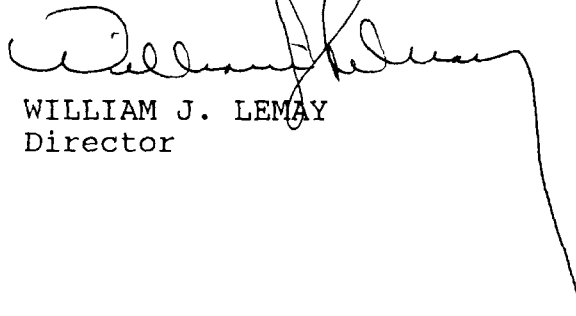
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "William J. Lemay". The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director