

**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. 14259
ORDER NO. R-13087**

**APPLICATION OF EDGE PETROLEUM OPERATING COMPANY, INC. TO
EXPAND THE HORIZONTAL LIMITS OF THE LOVINGTON-UPPER
PENNSYLVANIAN POOL, OR IN THE ALTERNATIVE, FOR APPROVAL OF
A NON-STANDARD OIL SPACING AND PRORATION UNIT AND AN
UNORTHODOX OIL WELL LOCATION IN THE NORTHEAST LOVINGTON-
UPPER PENNSYLVANIAN POOL, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 18, 2008, at Santa Fe, New Mexico, before Examiners David K. Brooks and Terry Warnell and again on January 8, 2009 before Examiners David K. Brooks and Terry Warnell.

NOW, on this 27th day of January, 2009, the Division Director, having considered the testimony, the record and the recommendations of the Examiners,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Edge Petroleum Operating Company, Inc. ("Edge" or "Applicant"), drilled the South Lovington 25 Well No. 1 ("the subject well") as a 40-acre Devonian play located at an orthodox oil well location 1977 feet from the North line and 330 feet from the West line in the SW/4 NW/4 (Unit E) of Section 25. The Devonian was found to be non-productive, and the well was subsequently completed in the Strawn formation as an oil well.

(3) The closest Strawn pool in this area is the Lovington-Upper Pennsylvanian Pool (40710), created by the Oil Conservation Commission on September 25, 1963 by Order No. R-2569 currently consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 23: SW/4

(4) Applicant now seeks an order expanding the horizontal limits of the Lovington-Upper Pennsylvanian Pool (40710), which is developed on statewide spacing rules, to include the NW/4 of Section 25, Township 16 South, Range 36 East, NMPM, in Lea County, New Mexico. The South Lovington 25 Well No. 1 is located at an orthodox oil well location 1977 feet from the North line and 330 feet from the West line in the SW/4 NW/4 (Unit E) of Section 25.

(5) In the alternative, the Applicant seeks an order for approval of a non-standard oil spacing and proration unit and unorthodox oil well location in the Northeast Lovington-Upper Pennsylvanian Pool, which was created by Order No. R-3816 in Case No. 4172 issued on August 14, 1969, providing for 80-acre spacing units with each well to be located within 150 feet of the center of a quarter-quarter section or lot.

(6) A three day test on the Strawn was performed and tested 1200 psi initial tubing pressure. By the end of the three day test the tubing pressure had dropped down to 420 psi.

(7) The geologic and engineering evidence presented by applicant demonstrates that the South Lovington 25 Well No. 1 is only capable of draining 40 acres or less and that there is separation between the Lovington-Upper Pennsylvanian Pool and the Northeast Lovington-Upper Pennsylvanian Pool.

(8) The entire area is fee land, and all affected interest owners were contacted except for Mercantile Trading Corporation which was unlocatable.

(9) The distance from the subject well to the Lovington-Upper Pennsylvanian Pool is 4,480 feet, and the distance to the Northeast Lovington-Upper Pennsylvanian Pool is 5,140 feet. The subject well is approximately 700 feet closer to the Lovington-Upper Pennsylvanian Pool.

(10) Approval of the subject application by expanding the horizontal limits of the Lovington-Upper Pennsylvanian Pool to include the NW/4 of Section 25, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico will prevent waste and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

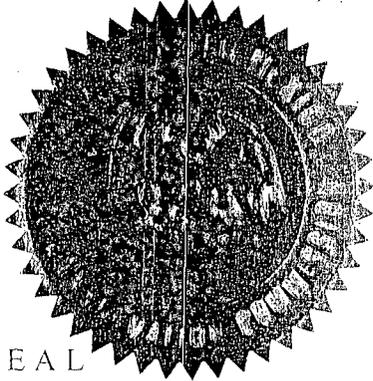
(1) The Lovington-Upper Pennsylvanian Pool (40710) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 25: NW/4

(2) The Hobbs District Office, in their next nomenclature application, shall propose further expansion of the Lovington-Upper Pennsylvanian Pool, so that it will include a contiguous area.

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

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

MARK E. FESMIRE, P.E.
Director