

**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. 11903  
Order No. R-10943**

**APPLICATION OF NEARBURG PRODUCING  
COMPANY FOR AN UNORTHODOX GAS  
WELL LOCATION, EDDY COUNTY, NEW  
MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on January 8, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12<sup>th</sup> day of January, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

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

(2) The applicant, Nearburg Producing Company, seeks approval of an unorthodox gas well location for its Dorami "33" Federal Com Well No. 1 located 1800 feet from the South line and 800 feet from the West line (Unit L) of Section 33, Township 19 South, Range 25 East, NMPM, Cemetery-Morrow Gas Pool, Eddy County, New Mexico. The S/2 of Section 33 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) Evidence and testimony presented by the applicant indicates that it originally drilled the Dorami "33" Federal Com Well No. 1 in November, 1997, to a total depth of approximately 8,300 feet to test the Cisco Canyon interval of the North Dagger Draw-Upper Pennsylvanian Pool. The well, which was permitted at a standard oil well location for the North Dagger Draw-Upper Pennsylvanian Pool, tested non-commercial.

(4) By Federal Form No. 3160-5 dated December 18, 1997, the applicant sought authorization from the United States Bureau of Land Management (BLM) to deepen the subject well from 8,300 feet to 9,600 feet in order to test the Morrow formation.

(5) The applicant received authorization from the BLM to deepen the subject well on January 2, 1998.

(6) The applicant testified that it has completed deepening operations on the Dorami "33" Federal Com Well No. 1 and the well is awaiting completion in the Morrow formation.

(7) The Dorami "33" Federal Com Well No. 1 is located within the Cemetary-Morrow Gas Pool which is currently governed by Rule No. 104.C. of the Division General Rules and Regulations which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 1650 feet from the nearest end boundary, nor closer than 660 feet from the nearest side boundary of the spacing unit, nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(8) Applicant's geologic evidence and testimony indicates that the Middle Morrow interval will likely be productive in the subject well.

(9) Applicant testified that the affected offset acreage to the west, being the S/2 of Section 32, previously contained a well which produced from the Morrow formation, however, this well has been plugged and abandoned. In addition, this acreage is currently operated by the applicant.

(10) There is currently no Morrow production within any of the affected offset proration units.

(11) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED THAT:**

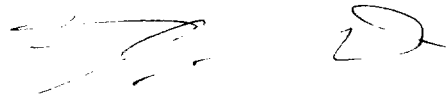
(1) The application of Nearburg Producing Company for approval of an unorthodox gas well location for its Dorami "33" Federal Com Well No. 1 located 1800 feet from the South line and 800 feet from the West line (Unit L) of Section 33, Township 19 South, Range 25 East, NMPM, Cemetary-Morrow Gas Pool, Eddy County, New Mexico, is hereby approved.

(2) The S/2 of Section 33 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

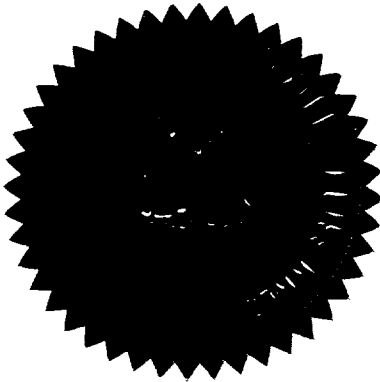
(3) Jurisdiction of this case is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



KATHLEEN A. GARLAND  
Acting Director



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