

**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. 12151
Order No. R-11161**

**APPLICATION OF NEARBURG EXPLORATION COMPANY, L.L.C. FOR AN
UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 1, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this *9th* day of April, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, Nearburg Exploration Company, L.L.C. (Nearburg), seeks authority to drill its Range State Well No. 2 at an unorthodox gas well location 660 feet from the South line and 990 feet from the East line (Unit P) of Section 28, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, to test all prospective gas-bearing intervals from the top of the Wolfcamp formation to the base of the Morrow formation.
- (3) The S/2 of Section 28 is to be dedicated to the well thereby forming a standard 320-acre gas spacing and proration unit.
- (4) Division records indicate that the dedicated acreage for the proposed Nearburg Range State Well No. 2 is located:
 - (a) within one mile of the East Grama Ridge-Morrow Gas Pool; and
 - (b) within one mile of the North Grama Ridge-Wolfcamp Gas Pool.
- (5) The East Grama Ridge-Morrow Gas Pool and the North Grama Ridge-Wolfcamp Gas Pool are subject to the Division's statewide rules and regulations, which currently provide for 320-acre 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, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

- (6) The geologic evidence and testimony presented by Nearburg in this case indicates:
- (a) The primary objective of the Range State Well No. 2 is the Morrow "B" sandstone within the Undesignated East Grama Ridge-Morrow Gas Pool. The secondary target is the Wolfcamp formation.
 - (b) There are two offsetting gas producing wells within the Morrow "B" sandstone in Section 33:
 - (i) Rand Paulson Oil Company, Inc. State 33 Well No. 2 in Unit F (API No. 30-025-34144), which has cumulative production of approximately 0.7 BCF of gas and 45 MB of condensate; and
 - (ii) Rand Paulson Oil Company, Inc. State 33 Well No. 1 in Unit K (API No. 30-025-33991), which has cumulative production of approximately of 1.3 BCF of gas and 25 MB of condensate.
 - (c) There is one additional well offsetting the proposed Range State Well No. 2: the Nearburg Range "28" State Com Well No. 1 in Unit G of Section 28 (API No. 30-025-34538). This well penetrated the Morrow formation and encountered the Morrow "B" sandstone, but was not productive;
 - (d) The proposed Range State Well No. 2 should be located at the proposed unorthodox location in order to encounter the most economically productive section of the Middle "B" sandstone.
- (7) Nearburg presented further evidence and testimony indicating that:
- (a) Crescent Porter Hale Foundation, which currently offsets Nearburg to the east in Section 27, has waived objection to the proposed unorthodox gas well location; and
 - (b) Yates Petroleum Corporation, which currently offsets Nearburg to the south in Section 34, has waived objection to the proposed unorthodox gas well location.
- (8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.
- (9) The applicant's request should be granted.

(10) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in this unit and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nearburg Exploration Company, L.L.C., is hereby authorized to drill its Range State Well No. 2 at an unorthodox gas well location 660 feet from the South line and 990 feet from the East line (Unit P) of Section 28, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, to test all prospective gas-bearing intervals from the top of the Wolfcamp formation to the base of the Morrow formation.

(2) The S/2 of Section 28 is to be dedicated to the well thereby forming a standard 320-acre gas spacing and proration unit.

(3) Jurisdiction 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery
LORI WROTENBERY
Director