

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. 10337
ORDER NO. R-9543*

**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 June 27, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 18th day of July, 1991 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 2500 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 22 South, Range 27 East, NMPM, to test the Undesignated Carlsbad-Strawn Gas Pool and the Undesignated South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

(3) The W/2 of said Section 15 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for both pools.

(4) The applicant recently proposed an unorthodox gas well location 2500 feet from the North line and 330 feet from the West line (Unit E) of said Section 15 for both the Undesignated Carlsbad-Strawn Gas Pool and Undesignated South Carlsbad-Morrow Gas Pool underlying the W/2 of said Section 15, which was the subject of Division Case No. 10297; however, said application was denied by resulting Order No. R-9513.

(5) At this time, the applicant is proposing to move its well location for the subject 320-acre unit an acceptable distance of 660 feet from the offsetting acreage to the west in adjacent Section 6.

(6) The subject location is unorthodox in as much as it is closer than 330 feet to the proration unit's inner boundary (see Division General Rule 104.C.II.).

(7) The applicant's primary zone of interest for this well is the Strawn formation.

(8) The geologic evidence presented by the applicant to support the unorthodox location in the Strawn interval indicates the presence of a localized porous-carbonate thickening trending northeast/southwest over the entire width of the proposed 320-acre spacing unit.

(9) The proposed well location should therefore penetrate a thicker portion of the Strawn interval within the subject proration unit than a well drilled at a standard location thereon, thereby increasing the chances of intersecting a gas-bearing zone within the Strawn formation.

(10) The secondary zone of interest for this well is the deeper Morrow interval which is spaced and developed on the same rules as the Strawn zone. The applicant offered no geologic testimony on this formation, however it is industry practice in this area to test the Morrow interval with wells drilled to similar deep zones of interest such as the Strawn. No advantage would be gained over an offsetting tract should the Morrow zone be found gas productive since it also is within the acceptable 660-foot offset distance of the subject proration unit.

(11) No offset operator objected to the proposed unorthodox location.

(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 pools, 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.

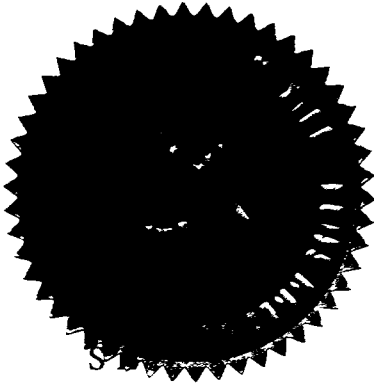
IT IS THEREFORE ORDERED THAT:

(1) The application of Nearburg Producing Company for an unorthodox gas well location for the Undesignated Carlsbad-Strawn Gas Pool and the Undesignated South Carlsbad-Morrow Gas Pool is hereby approved for a well to be located at a point 2500 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) The W/2 of said Section 15 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for both pools.

(3) 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.



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A handwritten signature in black ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Director