

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. 10682
ORDER NO. R-9543-A

**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 March 18, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of April, 1993 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) By Division Order No. R-9543, issued in Case No. 10337 and dated July 18, 1991, Nearburg Producing Company was authorized to drill its Sueno "15" Well No. 1 at 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, Eddy County, New Mexico, in a standard 320-acre gas spacing and proration unit for both the Undesignated Carlsbad-Strawn Gas Pool and Undesignated Carlsbad-Morrow Gas Pool comprising the W/2 of said Section 15.

(3) The subject well was drilled to a total depth of 10,604 feet in the Strawn formation, but according to Oil Conservation Division records the Strawn interval tested dry and was subsequently completed as a gas well in the East Carlsbad-Wolfcamp Gas Pool. There appears to be no record on file with the Division that the Wolfcamp interval was granted an exception to Division General Rule 104.F(1).

(4) At this time however, the applicant, Nearburg Producing Company, seeks to recomplete said well to the Delaware formation as a gas well and dedicate the NW/4 of said Section 15 thereby forming a standard 160-acre gas spacing and proration unit.

(5) There are currently four Delaware pools in Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. All are designated "oil pools" and developed on 40-acre oil spacing and proration units pursuant to Division General Rule 104.C.(1)(a).

(6) Said well is located further than one mile from any of the four Delaware oil pools in the Township and can therefore be technically classified as a "wildcat gas well" pursuant to Rule 104.A. Further, said location is 140 feet from the southern boundary of the proposed 160-acre gas spacing and proration unit thereby resulting in the location being 520 feet closer to the outer boundary of said unit than allowed by Division General Rule 104.B(1)(a).

(7) Such recompletion of an existing wellbore will prevent the economic loss caused by drilling of an unnecessary well and will avoid the augmentation of risk arising from the drilling of an excessive amount of wells.

(8) Since the applicant made sufficient notice pursuant to Rule 1207.A(5) and no offset operators or interested parties appeared at the hearing in opposition, the subject application for the aforementioned unorthodox gas well location should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Nearburg Producing Company for an exception to Division General Rule 104.B(1)(a) to recomplete the Sueno "15" Well No. 1 in the Delaware formation at 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, Eddy County, New Mexico is hereby approved.

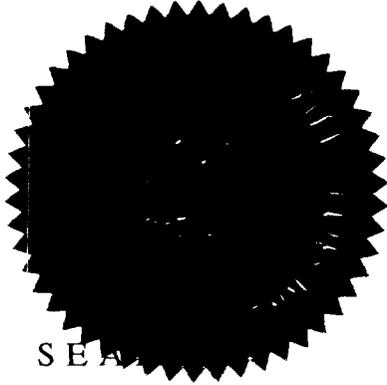
(2) The NW/4 of said Section 15, forming a standard 160-acre gas spacing and proration unit, shall be dedicated to said "wildcat" Delaware gas well.

PROVIDED HOWEVER THAT:

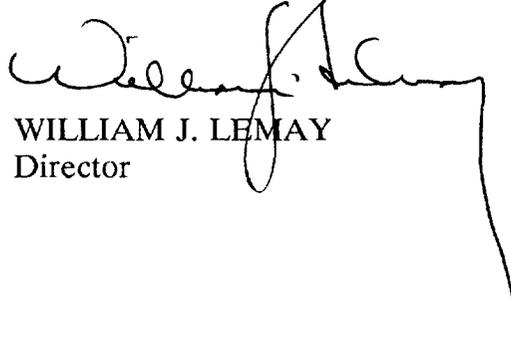
(3) Should said Delaware recompletion result in an oil well classification, it will be necessary for the applicant to seek approval from the Division for an unorthodox oil well location pursuant to all applicable rules and procedures.

(4) 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



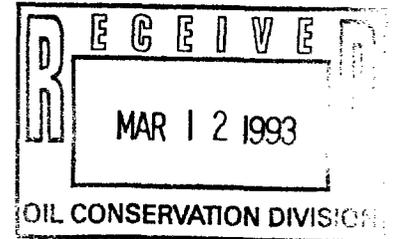
WILLIAM J. LEMAY
Director

**STATE OF NEW MEXICO
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CASE NO. 10682

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



PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Nearburg Producing Company
c/o Joe Fitzgerald
3300 N. "A" Street
Midland, TX 79705
(915) 686-8235
name, address, phone and
contact person

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Nearburg Producing Company, applicant in the above-captioned cause, seeks authorization to recomplete in the undesignated Delaware formation its Sueno 15 Well No. 1 which was drilled to the Strawn formation pursuant to Division Order No. R-9543 at an unorthodox 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. The NW/4 of said Section 15 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

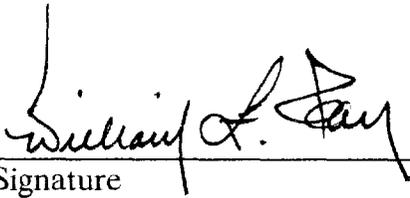
| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|-----------------------------------|-----------|-----------------|
| Joe Fitzgerald, Landman | 10 Min. | Approximately 4 |

OPPOSITION

| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|-----------------------------------|-----------|----------|
|-----------------------------------|-----------|----------|

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)



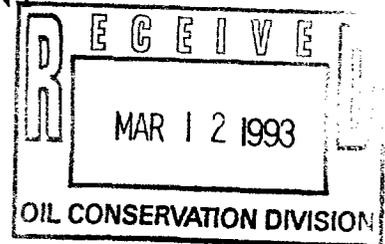
Signature

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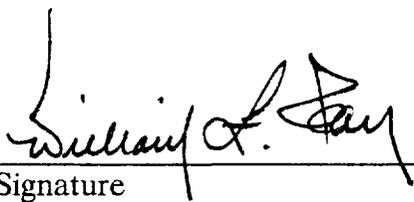
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Signature

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
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CONSIDERING:

M.S. 4/1/93
4/1/93
WJS
4/2/92
4/2/93
DRAFT

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WILLIAM J. LEMAY
Director

S E A L