

T-22-S
R-27-E
EDDY COUNTY, NEW MEXICO

NEARBURG
SUENO 15 #1
2500'FNL
660'FWL

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
NEARBURG EXHIBIT NO. 1
CASE NO. 10682

Exhibits 1 through 4.
Complete Set

8	9		10			
<i>UNION</i>		<i>UNION</i>	<i>D.J.SORENSEN</i>			
		17	16	15	15	
		<i>NEARBURG TEXACO KERR McGEE</i>	<i>NEARBURG SUENO 15 #1 ● 2500'FNL 660'FWL NEARBURG</i>	<i>UNION</i>		
20	21		22			
		<i>NEARBURG</i>	<i>SANTA FE</i>			
29	28		27			

**T-22-S
R-27-E
EDDY COUNTY , NEW MEXICO**

**BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION**
NEARBURG EXHIBIT NO. 1A
CASE NO. 10682

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.

STATE OF NEW MEXICO	ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION	
NEARBURG	2
10682	

(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:

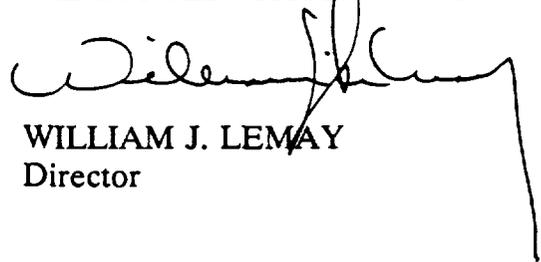
(1) The application of Nearburg Producing Company for an unorthodox gas well location for the Undesignated Carlsbad-Strawn Gas Pool and the Undesignated South Carlsbad-Morrow Gas Pool is hereby approved for a well to be located at a point 2500 feet from the North line and 660 feet from the West line 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

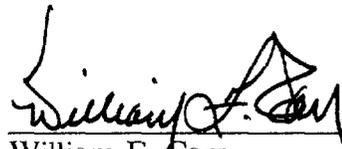
CASE NO. 10682

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

BEFORE EXAMINER/DIGNER	
OIL CONSERVATION DIVISION	
NEARBURG	3
CASE NO.	10682

William F. Carr, attorney in fact and authorized representative of Nearburg Producing Company, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.



William F. Carr

SUBSCRIBED AND SWORN to before me this 17th day of March, 1993.



Notary Public

My Commission Expires:
August 19, 1995

EXHIBIT A

Texaco Producing Company
Post Office Box 3109
Midland, TX 79702

Kerr McGee Corporation
One Marienfeld Place
Suite 330
Midland, TX 79701

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 24, 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Texaco Producing Company
Post Office Box 3109
Midland, Texas 79702

Re: Application of Nearburg Producing Company for an Unorthodox Well
Location, Eddy County, New Mexico

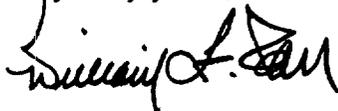
Gentlemen:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking approval to recomplete its Sueno 15 Well No. 1 in the Delaware formation. This well was drilled pursuant to Order No. R-9543 at an unorthodox well location 2500 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. The NW/4 of Section 15 will be dedicated to this well.

This application has been set for hearing before an Examiner of the Oil Conservation Division on March 18, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR NEARBURG PRODUCING COMPANY
WFC:mlh



P 087 492 002

Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sender	
Texaco Producing Company	
Post Office Box 3109	
Midland, TX 79702	
Postage	\$
Certified Fee	
Restricted Delivery Fee	
Return Receipt (hard copy)	
Return Receipt (electronic)	
TOTAL Postage & Fees	\$
Postmark or Date	
February 24, 1993	

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
Texaco Producing Company
Post Office Box 3109
Midland, TX 79702

4. Article Number
P 087 492 002

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise
 Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Address
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery **FEB 26 1993**

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 24, 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kerr-McGee Corporation
One Marienfeld Place
Suite 330
Midland, Texas 79701
Attn: Mr. Richard P. Sevier

Re: Application of Nearburg Producing Company for an Unorthodox Well
Location, Eddy County, New Mexico

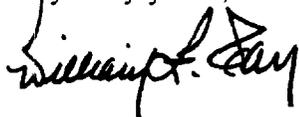
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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR NEARBURG PRODUCING COMPANY
WFC:mlh



P 087 492 003

Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Attn: Mr. Richard P. Sevier
Kerr-McGee Corporation

Suite 330
One Marienfeld Place

Midland, TX 79701

Postage	\$
Insurance	
Registration	
Return Receipt	
Signature	
Postage and Fees	\$

February 24, 1993

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Kerr-McGee Corporation
One Marienfeld Place, Suite 330
Midland, Texas 79701
Attn: Mr. Richard P. Sevier

4. Article Number P 087 492 003

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

5. Signature - Address *Richard P. Sevier*

6. Signature - Agent *Richard P. Sevier*

7. Date of Delivery 2-26-93

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-895 DOMESTIC RETURN RECEIPT

INTEROFFICE MEMORANDUM

FROM: T.R. MacDonald *TRM*
TO: Joe Fitzgerald
DATE: 3/16/93

SUBJECT: Sueno Prospect Standard Location Delaware Well Cost Comparison

As requested, I have estimated the cost of drilling a Delaware test well on a standard location in section 15, T22S, R27E, Eddy County, New Mexico. The estimated dry hole costs for this project would be \$165,688 with estimated completion costs of \$124,555, for a total estimated well cost of \$290,243. Our AFE for recompleting the existing Sueno 15 Well #1 (660' FWL & 2500' FNL, Section 15, T22S, R27E) is \$38,495 not including salvage of tubulars from the well. Including tubular salvage value, the AFE amount is \$19,095.

SUENO2ME

NEABORG

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