

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. 9569
Order No. R-8846

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 4, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of January, 1989, 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 1980 feet from the South line and 990 feet from the West line (Unit L) of Section 7, Township 19 South, Range 26 East, NMPM, Undesignated West Four Mile Draw-Morrow Gas Pool, Eddy County, New Mexico.

(3) The applicant further proposes to dedicate a standard 319.51-acre gas spacing and proration unit comprising Lots 3 and 4, the E/2 SW/4 and the SE/4 of said Section 7 to the above-described well.

(4) The West Four Mile Draw-Morrow Gas Pool is currently governed by General Rule No. 104 (C)(II)(a) of the Division Rules and Regulations which requires wells to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(5) The applicant presented geologic evidence and testimony which indicates that a well at the proposed location should penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) The evidence presented further indicates that the applicant is the majority interest owner of the affected offset acreage.

(7) No other offset operator objected to the proposed unorthodox gas well location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 applicant, Nearburg Producing Company, is hereby authorized to drill a well at an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line (Unit L) of Section 7, Township 19 South, Range 26 East, NMPM, Undesignated West Four Mile Draw-Morrow Gas Pool, Eddy County, New Mexico.

(2) A 319.51-acre standard gas proration unit consisting of Lots 3 and 4, the E/2 SW/4, and the SE/4 of said Section 7 shall be dedicated to the above-described well.

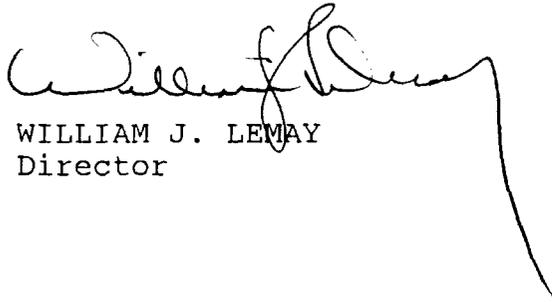
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(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director