

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. 9426
Order No. R-8702

APPLICATION OF NEARBURG PRODUCING
COMPANY FOR COMPULSORY POOLING AND
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 July 20, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of July, 1988, 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) At the time of the hearing this case was consolidated with Case Nos. 9425 and 9427 for the purposes of testimony.

(3) The applicant, Nearburg Producing Company, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 26, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico forming a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North and West lines (Unit D) in said Section 26.

(4) At the time of the hearing, the applicant requested that portion of the application seeking compulsory pooling be dismissed.

(5) According to the geological evidence and testimony presented at the hearing a well at the proposed unorthodox gas well location will better enable the applicant to produce the gas underlying the proration unit.

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

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected formations, 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:

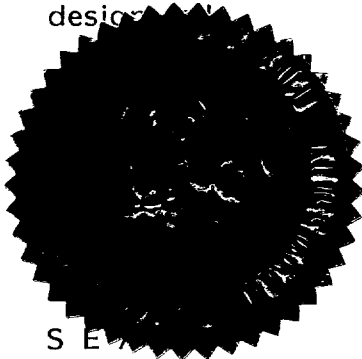
(1) The application of Nearburg Producing Company for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 990 feet from the North and West lines (Unit D) of Section 26, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) The N/2 of said Section 26 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit.

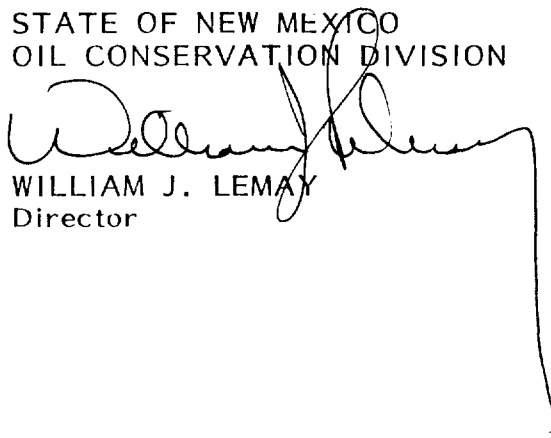
(3) The compulsory pooling portion of this case is hereby dismissed.

(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 design



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director