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Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9467
ORDER NO. R-3729

Applicant:

Nearburg Producing Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florence Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

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. 9467
Order No. R-8729

APPLICATION OF NEARBURG
PRODUCING COMPANY FOR AN
UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 17, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of August, 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) Division Case Nos. 9467 and 9469 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Nearburg Producing Company, seeks approval for an unorthodox oil well location for its proposed Eighty-Eight State 25-A Well No. 1 to be located 400 feet from the North and East lines (Unit A) of Section 25, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, to test the Strawn formation, Undesignated Northeast Lovington-Pennsylvanian Pool.

(4) The applicant further proposes to dedicate a standard 80-acre spacing and proration unit consisting of the N/2 NE/4 of said Section 25 to the above described well.

(5) The proposed well location is within one mile of the outer boundary of the Northeast Lovington-Pennsylvanian Pool and is therefore subject to the Special Pool Rules and Regulations for said pool as promulgated by Division Order No. R-3816, which require 80-acre spacing with wells to be located within 150 feet of the center of the quarter-quarter section.

(6) The applicant presented geologic evidence which indicates that a well drilled at a standard location in the NE/4 NE/4 of said Section 25 would likely penetrate the Strawn formation at the outer edge of a productive "pod" and would increase the likelihood of obtaining a non-commercial producing well.

(7) A well at the proposed location will better enable the applicant to produce the oil underlying the proration unit.

(8) The applicant further presented testimony which indicates that the N/2 NE/4 of said Section 25 is likely experiencing drainage from an offset well, the Doubloon State 24-P Well No. 1 located 400 feet from the South and East lines of Section 24, Township 16 South, Range 36 East, NMPM.

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

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil 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 its Eighty-Eight State 25-A Well No. 1 at an unorthodox location 400 feet from the North and East lines (Unit A) of Section 25, Township 16 South, Range 36 East, NMPM, Undesignated Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

(2) The N/2 NE/4 of said Section 25 shall be dedicated to the above described well.

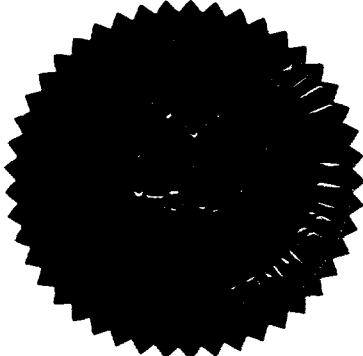
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Case No. 9467

Order No. R-8729


(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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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