

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. J. Scott Hall  
Campbell & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico

Re: CASE NO. 9469  
ORDER NO. R-3737

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. 9469  
Order No. R-8737

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 13th day of September, 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. 9469 and 9467 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 Soledad State 30-C Well No. 1 to be located 400 feet from the North line and 2560 feet from the West line (Unit C) of Section 30, Township 16 South, Range 37 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 E/2 NW/4 of said Section 30 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) Geologic evidence and testimony presented by the applicant indicate that a well at the proposed location has a greater chance of penetrating the Strawn formation within a productive "fairway" than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(7) Further evidence indicates that the applicant either has an interest in or a total interest in all affected offset acreage.

(8) No other offset interest owner objected to the proposed unorthodox location.

(9) 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:

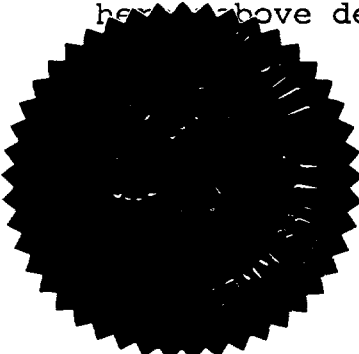
(1) The applicant, Nearburg Producing Company, is hereby authorized to drill its Soledad State 30-C Well No. 1 at an unorthodox location 400 feet from the North line and 2560 feet from the West line (Unit C) of Section 30, Township 16 South, Range 37 East, NMPM, Undesignated Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

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(2) The E/2 NW/4 of said Section 30 shall be dedicated to the above described well.

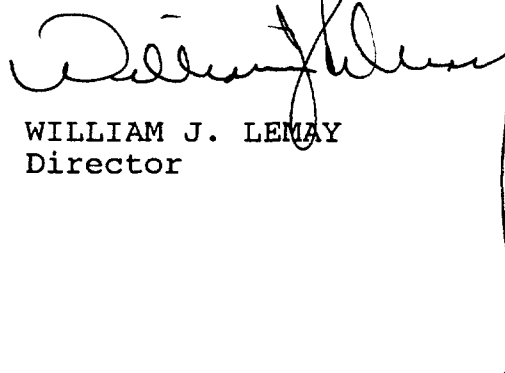
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, likely of William J. Lemay, written over the typed name and title.

WILLIAM J. LEMAY  
Director