



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 4, 1993

KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10770
ORDER NO. R-8989-B

Dear Sir:

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

Sincerely,

Sally E. Leichtle
Sally E. Leichtle
Administrative Secretary

cc: BLM - Carlsbad

**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. 10770
Order No. R-8989-B**

**APPLICATION OF BAHLBURG EXPLORATION
INC. TO AMEND DIVISION ORDER NO.
R-8989, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 15, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of August, 1993, 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) By Order No. R-8989 issued in Case No. 9706 on August 31, 1989, the Division, upon application of Bahlburg Exploration, Inc., approved an unorthodox oil well location 900 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, NMPM, Lea County, New Mexico, for the applicant's Lowe "25" Well No. 1 to be drilled to test the Undesignated King-Devonian Pool.
- (3) The applicant, Bahlburg Exploration, Inc., seeks to amend Order No. R-8989 to provide for unorthodox location approval for the Lowe "25" Well No. 1 with respect to all formations shallower than the Devonian formation.
- (4) In April, 1993, Bahlburg Exploration, Inc. drilled the Lowe "25" Well No. 1 to a depth of approximately 12,270 feet and despite all its attempts, was unable to make a successful completion in the Undesignated King-Devonian Pool.

(5) The applicant desires to make recompletion attempts in formations shallower than the Devonian formation including, but not limited to the Mississippian, Pennsylvanian, and Wolfcamp formations.

(6) The best potential for a successful completion appears to be within the Wolfcamp formation. If successful, it is anticipated that the subject well will be classified as an oil well within the King-Wolfcamp Pool which is currently spaced on 40-acre oil spacing.

(7) Evidence presented in this case indicates that the applicant has provided notice of its application to all affected offset operators and/or interest owners, and has obtained a waiver of objection to its application from each of said owners.

(8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in any shallower horizons, 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) Division Order No. R-8989 is hereby amended to provide unorthodox location approval for the Bahlburg Exploration, Inc. Lowe "25" Well No. 1 located 900 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, NMPM, Lea County, with respect to all formations shallower than the Devonian formation.

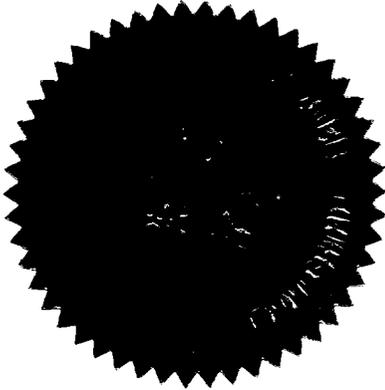
(2) Should the applicant successfully complete the subject well in the Wolfcamp formation, the applicant shall dedicate the SW/4 SW/4 of Section 25 to the subject well forming a standard 40-acre oil spacing and proration unit in the King-Wolfcamp Pool.

(3) In the alternative, should the applicant successfully complete the subject well in any other pool, it shall dedicate an appropriate spacing and proration unit to the subject well in conformance with applicable Division Rules and Regulations.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

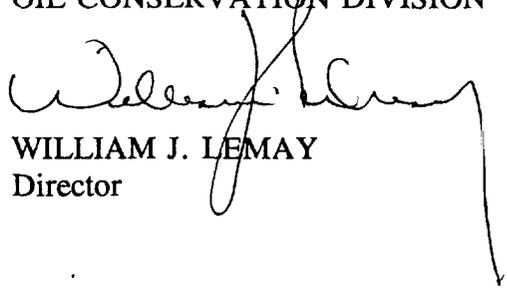
CASE NO. 10770
Order No. R-8989-B
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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:

DRC 8/21/93
WJY 8/21/93

CASE NO. 10770
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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