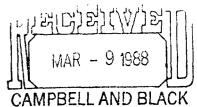


STATE OF NEW MEX O ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:



CASE NO. 9312 Order No. R-8605

APPLICATION OF NEARBURG PRODUCING COMPANY FOR AN UNORTHODOX OIL WELL LOCATION AND A NON-STANDARD OIL PRORATION UNIT, LEA COUNTY, NEW MEXICC.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 8th day of March, 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) The applicant, Nearburg Producing Company, seeks approval to drill its Soledad "19M" Well No. 1 at an unorthodox oil well location 1000 feet from the South and West lines (Unit M) of irregular Section 19, Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.
- (3) The applicant further seeks approval of a non-standard oil spacing and proration unit consisting of 50.35 acres and comprising Lot 4 of said irregular Section 19, said proration unit to be dedicated to the above described well.

BEFORE EXAMINER CATAMACH
OIL CONSERVATION DIVISION
NEADORG EXHIBIT NO. 1A
CASE NO. 9376

- (4) The proposed well location is situated within the pool boundaries of the Northeast Lovington-Pennsylvanian Pool which is governed by Special Rules and Regulations as promulgated by Division Order No. R-3816, which require 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.
- (5) The applicant testified that according to geologic data in this area, a well at the proposed location should penetrate the Strawn formation at a more structurally advantageous position than a well drilled at a standard location, thereby reducing the inherent risk of drilling a dry hole or non-commercial well in this area, and that a well drilled at the proposed location would likely increase the ultimate recovery of oil underlying the proration unit.
- (6) The applicant presented as evidence in this case a waiver of objection to the proposed unorthodox location and non-standard proration unit from Cities Service Oil and Gas Corporation, the only affected offset operator.
- (7) The proposed non-standard proration unit is necessitated in part by a variation in the legal subdivision of the U.S. Public Lands Survey.
- (8) The entire non-standard proration unit may reasonably be presumed productive of oil from the Northeast Lovington-Pennsylvanian Pool and the entire non-standard proration unit can be efficiently and economically drained and developed by the aforesaid well.
- (9) Approval of the subject unorthodox well location and non-standard proration unit 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.

(10) For purposes of assigning allowable, the subject well should be assigned an acreage factor of 0.629 in the Northeast Lovington-Pennsylvanian Pool.

IT IS THEREFORE ORDERED THAT:

- (1) The applicant, Nearburg Producing Company, is hereby authorized to drill its Soledad "19M" Well No. 1 at an unorthodox location 1000 feet from the South and West lines (Unit M) of Section 19, Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.
- (2) A non-standard oil proration unit, also hereby approved, consisting of 50.35 acres and comprising Lot 4 of irregular Section 19, Township 16 South, Range 37 East, NMPM, shall be dedicated to the above described well.
- (3) For purposes of assigning allowable, the subject well shall be assigned an acreage factor of 0.629 in the Northeast-Eovington-Pennsylvanian Pool.
- (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 designated.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Millivm n. FEWVA

Director

SEAL

NEW MEXICO OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF NEARBURG PRODUCING COMPANY FOR AMENDMENT OF OIL CONSERVATION DIVISION ORDER NO. R-8605 AND THE ASSIGNMENT OF AN OIL ALLOWABLE RETROACTIVE TO APRIL 1, 1988, LEA COUNTY, NEW MEXICO.

CASE NO. 9376

AFFIDAVIT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

WILLIAM F. CARR, attorney in fact and authorized representative of Nearburg Producing Company, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice for the non-standard proration unit or affected by the unorthodox well location as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

DEDUCATE EXHIBIT NO. 2

CASE NO. 9376

WILLIAM F. CARR

SUBSCRIBED	AND	SWORN	to	before	me	this	1th	day	of
June, 1988.			-/		,	_			

Notary Public

My Commission Expires:

August 19, 1991

EXHIBIT A

-- 1.5

Yates Petroleum Corporation 207 4th Street Artesia, New Mexico 88210

Cities Service Oil & Gas Corp. Post Office Box 50250 Midland, Texas 79705 Attn: Ed Taylor

Tenneco Oil Company 7990 IH 10 West San Antonio, Texas 78230 Attn: Rex Bourland, Landman

W. A. Moncrief, Jr.
Moncrief Building
Ninth & Commerce
Fort Worth, Texas 76102
Attn: Land Department

Harvey E. Yates Company Post Office Box 1933 Roswell, New Mexico 88201 Attn: Robert H. Bell, Landman

Primary Fuels Inc. 415 West Wall Avenue Suite 1300 Wilco Building Midland, Texas 79701-4410 Attn: Don Thompson

Harvard Exploration Company Inc. Post Office Box 936 Roswell, New Mexico 88201 Attn: Bill Milstead

Texas Crude Oil, Inc. 2100 Texas Crude Building 801 Travis Houston, Texas 77002 Attn: K. C. Weiner

Arthur and Gullan Petroleum
Holdings Inc.
760 U.S. Highway No. 1
Suite 203
North Palm Beach, Florida 33408
Attn: Allan Stone

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
FETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE
SUITE I - 110 NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 983-6043

May 3, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Arthur and Gullan Petroleum Holdings Inc. 760 U.S. Highway No. 1 Suite 203 North Palm Beach, Florida 33408

Attn: Allan Stone

Re: Application of Nearburg Producing Company for Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

Gentlemen:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking an amendment to Order No. R-8605 entered by the Division on March 8, 1988 approving an unorthodox location for the Nearburg Producing Company Soledad "19M" Well comprised of Lot 4 located 1000 feet from the South and West lines of Section 19, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The Soledad "19M" Well was drilled and completed in the Northeast Lovington-Pennsylvanian Pool. Nearburg Producing Company also seeks approval to create a non-standard proration unit comprised of Lot 3 of said Section 19.

This application has been set for hearing before a Division Examiner on May 25, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to the non-standard proration unit or affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

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Attn: Allan Sto Arthur & Gul	
Holdings Inc.	
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North Palm Beach 33408	
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SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

LAWYERS

JACK M. CAMPBELL.
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE
SUITE I - 110 NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 983-6043

May 3, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Texas Crude Oil, Inc. 2100 Texas Crude Building 801 Travis Houston, Texas 77002

Attn: K. C. Weiner

Re: Application of Nearburg Producing Company for Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

Gentlemen:

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

P 512 385 316

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Attn: K.C. Weiner
Texas Crude Oil, Inc.
2100 TX Crude Bldg.
801 Travis

Houston, Texas 77002
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JACK M. CAMPBELL
BRUCE D. BLACK

M. CHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGI:
MARK F. SHERIDAN
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE

SUITE 1 - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: [505] 988-4421

TELECOPIER: (505) 983-6043

May 3, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Harvard Exploration Company, Inc. Post Office Box 936 Roswell, New Mexico 88201

Attn: Bill Milstead

Re: Application of Nearburg Producing Company for

Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

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LAWYERS

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BRUCE D. BLACK
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VARK F. SHERIDAN
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
VARTE D. LIGHTSTONE

GUADALUPE PLACE

SUITE : - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE. NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 988-4421 TELECOPIER: (505) 983-6043

May 3, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Primary Fuels Inc. 415 West Wall Avenue Suite 1300 Wilco Building Midland, Texas 79701-4410

Attn: Don Thompson

Re: Application of Nearburg Producing Company for Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

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LACK M. CAMPBELL
BRUCE D. BLACK
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WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE

SUITE: - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE. NEW MEXICO 87504-2208

TELEPHONE: (SOS) 988-4421

TELECOPIER: (SOS) 983-6043

May 3, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Harvey E. Yates Company Post Office Box 1933 Roswell, New Mexico 88201

Attn: Robert H. Bell, Landman

Re: Application of Nearburg Producing Company for Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

P 338 385 423

Attn: Robert Harvey E. Yates	Bell,
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JACK M. CAMPBELL
BRUCE D. BLACK

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SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

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May 3, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Yates Petroleum Corporation 207 4th Street Artesia, New Mexico 88210

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

112 385 418

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Certified
Express Mail 8. Addressee's Address (ONLY if requested and fee paid) agent and DATE DELIVERED. Always obtain signature of addressee or 4. Article Number P 112 385 418 Type of Service: DOMESTIC RETURN RECEIPT Cop

JACK M. CAMPBELL
BRUCE D. BLACK

CHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE. NEW MEXICO 87504-2208

TELEPHONE: (505) 988-442)
TELECOPIER: (505) 983-6043

May 3, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

W. A. Moncrief, Jr.
Moncrief Building
Ninth & Commerce
Ft. Worth, Texas 76102

Attn: Land Department

Re: Application of Nearburg Producing Company for

Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

Gentlemen:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking an amendment to Order No. R-8605 entered by the Division on March 8, 1988 approving an unorthodox location for the Nearburg Producing Company Soledad "19M" Well comprised of Lot 4 located 1000 feet from the South and West lines of Section 19, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The Soledad "19M" Well was drilled and completed in the Northeast Lovington-Pennsylvanian Pool. Nearburg Producing Company also seeks approval to create a non-standard proration unit comprised of Lot 3 of said Section 19.

This application has been set for hearing before a Division Examiner on May 25, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to the non-standard proration unit or affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

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Attn: I W.A. Moncri Moncri Ninth & Com	ef, Jr. ef Buil	
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May 3, 1988

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is are desired, and complete items 3 and 4.	SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

JACK M. CAMPBELL
BRUCE D. BLACK
M.CHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
VARK F. SHERIDAN
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

MARTE D. LIGHTSTONE

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

May 3, 1988

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Tenneco Oil Company 7990 IH 10 West San Antonio, Texas 78230

Attn: Rex Bourland, Landman

Re: Application of Nearburg Producing Company for Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

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LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
M CHAEL B. CAMPBELL
WILLIAM F. CARR
ERADFORD C. BERGI:
VARK F. SHERIDAN
J. SCOTT HALL
PETER N. IVES
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GUADALUPE PLACE

SUITE : - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE. NEW MEXICO 87504-2208

TELECOPIER: (505) 988-4421
TELECOPIER: (505) 983-6043

May 3, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Cities Service Oil & Gas Corp. Post Office Box 50250 Midland, Texas 79705

Attn: Ed Taylor

Re: Application of Nearburg Producing Company for

Amendment of Oil Conservation Division Order No. R-8605 and for Retroactive Allowables, Lea County, New Mexico

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WILLIAM F. CARR

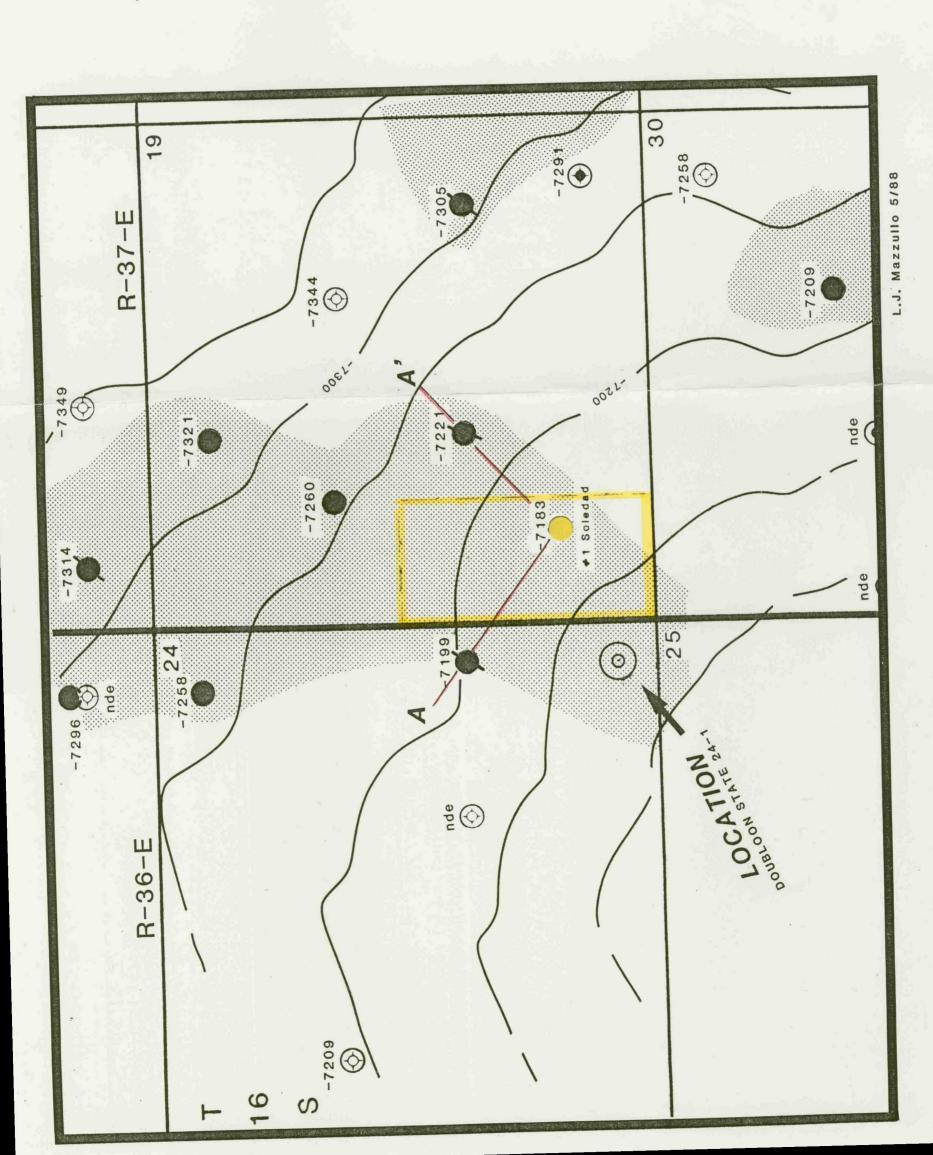
ATTORNEY FOR NEARBURG PRODUCING COMPANY

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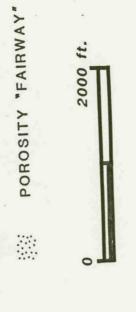
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SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 an



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