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May 17, 1988

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MAY 17 1988

OIL CONSERVATION DIVISION

Case 9405

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of
Energy, Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: In the Matter of the Application of Nearburg Producing
Company for an Unorthodox Gas Well Location,
Eddy County, New Mexico

In the Matter of the Application of Nearburg Producing
Company for an Unorthodox Gas Well Location,
Lea County, New Mexico; and

In the Matter of the Application of Nearburg Producing
Company for a Non-Standard Proration Unit and
Unorthodox Gas Well Location, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed please find five Applications of Nearburg Producing
Company in the above-referenced cases. Nearburg Producing
Company respectfully requests that these matters be placed on the
docket for the Examiner hearings scheduled on June 8, 1988.

Very truly yours,


WILLIAM F. CARR

WFC/mlh

Enclosure

cc w/enclosure: Mr. Mark Nearburg
Nearburg Producing Company

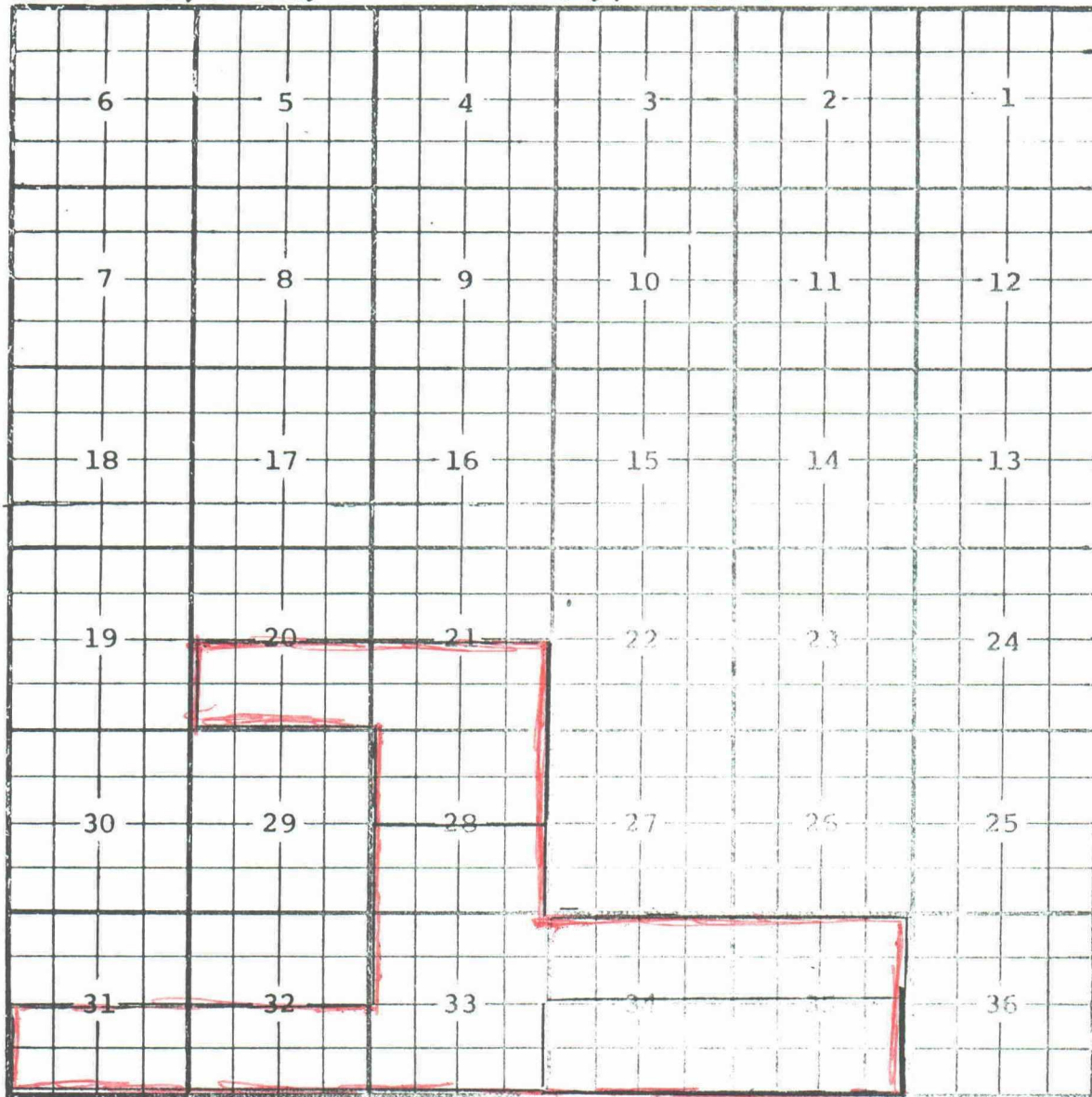
COUNTY *Eddy*

POOL *Cemetery-Morrow Gas*

TOWNSHIP *19 South*

RANGE *25 East*

NMPM



Ext: 1/2 Sec 28, 1/2 Sec 31, 1/2 Sec 32, All Sec 33, N/2 Sec 34, -
- N/2 Sec 35 (R-5417, 4-1-77) Ext: 1/2 Secs 20 & 21, -
- N/2 Sec 28 (R-5781, 9-1-78) Ext: 1/2 Sec. 34, 1/2 Sec. 35 (R-7668, 9-21-84)

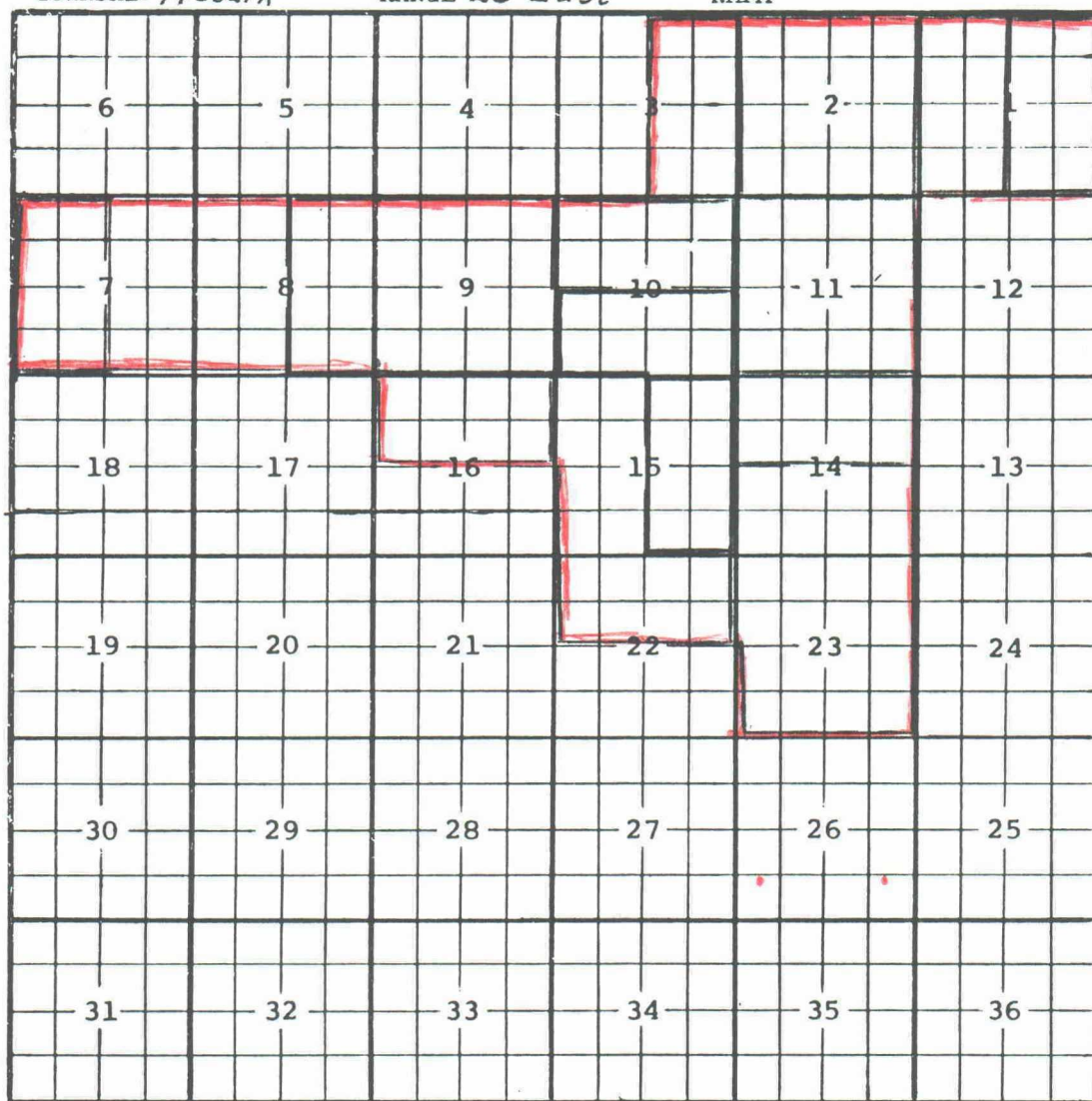
COUNTY Eddy

POOL Boyd - Morrow Gas

TOWNSHIP 19 South

RANGE 25 East

NMPM



Description: $\frac{E}{2}$ Sec. 15 (R-3709, 4-1-69)

Ext: $\frac{S}{2}$ Sec. 10 (R-4155, 7-1-71) - $\frac{E}{2}$ Sec. 8; All Sec. 9 (R-4304, 6-1-72)

- $\frac{N}{2}$ Sec. 10 (R-4486, 3-1-73) Ext: $\frac{N}{2}$ Sec. 16 (R-4861, 11-1-74)

Ext: $\frac{E}{2}$ Sec. 7, $\frac{W}{2}$ Sec. 8 (R-5131, 1-1-76) Ext: $\frac{W}{2}$ Sec. 2 (R-5988, 5-1-79)

Ext: All Sec. 11 (R-6328, 5-1-80) Ext: All Sec. 2 (R-6420, 8-1-80)

Ext: $\frac{W}{2}$ Sec. 1, $\frac{N}{2}$ Sec. 14 (R-6499, 11-1-80) Ext: $\frac{E}{2}$ Sec. 3 (R-6923, 3-9-82)

Ext: $\frac{E}{2}$ Sec. 1 (R-7279, 5-17-83) Ext: $\frac{W}{2}$ Sec. 15, $\frac{N}{2}$ Sec. 22 (R-7502, 4-20-84)

Ext: $\frac{S}{2}$ Sec. 14, All Sec. 23 (R-7555, 6-14-84)

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

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

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 0105
ORDER NO. 8-8627

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 _____
Artesia OCD _____
Aztec OCD _____

Other _____

Memo

From
VICTOR T. LYON
Chief Petroleum Engineer

10-17

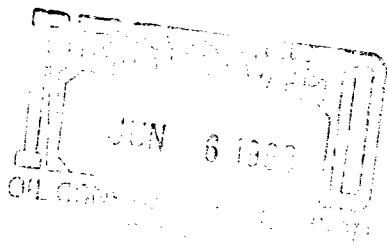
To David -

I don't know all the circumstances since I wasn't at the hearing. However from the exhibit it appears a location east of that proposed would be more favorable. Why did he crowd so far to the west?

Also it looks like a stand-up unit is more appropriate than a laydown and he may drill another well crowding sec 27.

Then the question of request for continuance which apparently was denied. Since well was spudded in advance of order - or even the hearing - and no finding a lease expiration date was involved indicates to me the offset should have an opportunity to suggest a penalty which would be appropriate. We could withhold allowable for further input. What do you think?

Oil Conservation Division Santa Fe, New Mexico 87504-2088
827-5809



**American
National
Petroleum
Company**

10900 Richmond Avenue
P.O. Box 42175
Houston, Texas 77242-2175
(713) 784-8888
Telex 790399

CERTIFIED MAIL

Return Receipt #P454 325 385

June 3, 1988

New Mexico Oil Conservation Division
P. O. Box 2088, Room 206
Santa Fe, New Mexico 87501

DEC M.S.

Attn: David Catmach

Re: Case #9405. Protest Application for Unorthodox Gas Well Location
on Federal Lease NM-0504364-8 T19S-R25E Section 26, Eddy County,
New Mexico.

Gentlemen:

American National Petroleum makes a formal protest of Nearburg's application for Unorthodox well location in Section 26, T19S-R25E, Eddy County, New Mexico, which is set for formal hearing on June 8, 1988 before the Division Examiner. American National strongly opposes this location on the basis of drainage to our offset acreage in Section 27. The Boyd State 26 Well #1 is now drilling at location of 1200' from the South line and 750' from the West line of Section 26, T19S-R25E, N.M. P.M., Eddy County, New Mexico. American feels that a Morrow test this close to the Section line of Section 27 will severely drain our acreage.

Since Nearburg Producing has assumed the risk of drilling an Unorthodox location prior to final hearing approval, ANPC requests that a "continuance" be made on the hearing set for June 8, 1988 until all parties concerned have had time to evaluate geological and engineering data from the well to determine the extent of drainage to ANPC's offset acreage, and at that time ascertain any appropriate drainage penalty against Nearburg.

Please advise ANPC on your findings in this matter. Thank you.

Sincerely,

Stephen N. Minor
Landman

SNM:mb

Attachment