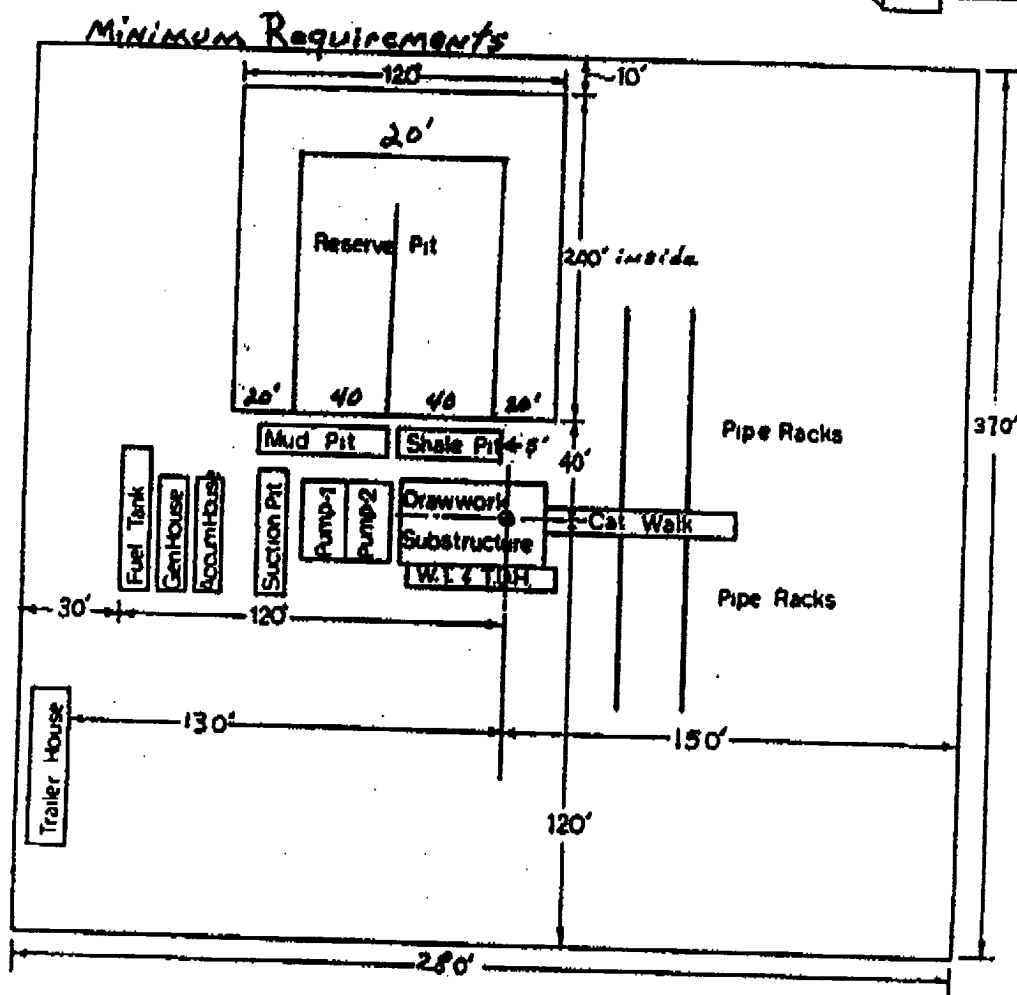
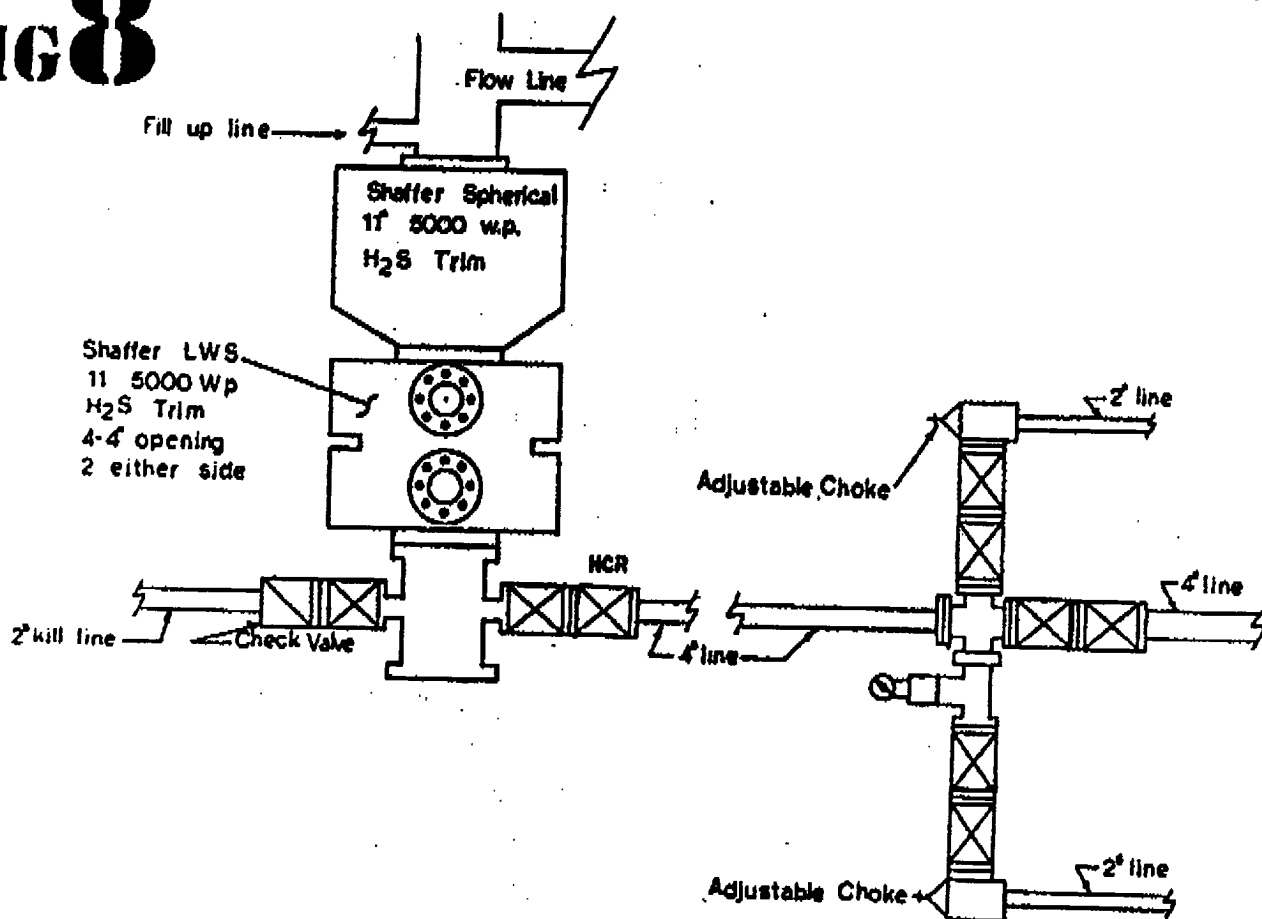


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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

FILE COPY

CASE NO. 9706
ORDER NO. R-8989

APPLICATION OF BAHLBURG EXPLORATION
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 9, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of August, 1989, 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, Bahlburg Exploration, seeks approval of 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, to test the Undesignated King-Devonian Pool, Lea County, New Mexico.
- (3) The SW/4 SW/4 of said Section 25 is to be dedicated to the well forming a 40-acre oil spacing and proration unit for said pool.
- (4) The geologic evidence presented at the hearing established that the Devonian formation produces in this area as a result of entrapment within a complex faulted structural closure.
- (5) The position of the critical faults at the proposed location has been determined by seismic data and well control.

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(6) A well drilled in the proposed location will better enable the applicant to penetrate the potentially productive upthrown Devonian reservoir, thereby enabling the applicant to produce his share of the reserves underlying the proration unit.

(7) The offset operator immediately to the west in Section 26 to which the proposed location is unorthodox, BTA Oil Producers, has agreed to the proposed location.

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

(9) Due to the well's close proximity to the outer boundary of the proposed proration unit the applicant should be required to conduct an accurate wellbore survey from the surface to total depth to determine its actual position and course.

(10) Subsequent to conducting said wellbore survey, should it be determined that the well's producing interval is located in a proration unit other than the above-described acreage, the operator should be required to meet any subsequent applicable Division requirements prior to producing the well.

(11) Approval of the subject application, along with the above-described provisions, will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected 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 application of Bahlburg Exploration for an unorthodox oil well location to test the Undesignated King-Devonian Pool is hereby approved for a well to be 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, New Mexico. The SW/4 SW/4 of said Section 25 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

PROVIDED HOWEVER THAT, upon completion of drilling operations the applicant shall conduct an accurate wellbore survey from the surface to total depth in order to determine its actual position and course.

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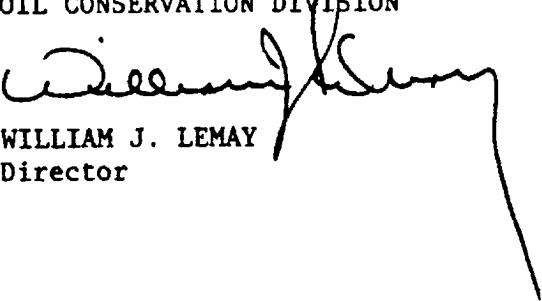
(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said directional surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) Should it be determined from said directional survey that the subject well's producing interval is located in a proration unit other than the above-described acreage dedication for either an oil or gas well for this particular location, the applicant shall be required to meet any subsequent Division approvals prior to producing the well.

(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


WILLIAM J. LEMAY
Director

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

CASE NO. 9706
Order No. R-8989-A

APPLICATION OF BAHLBURG EXPLORATION
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

(1) It appearing to the Division that Order No. R-8989 dated August 31, 1989, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

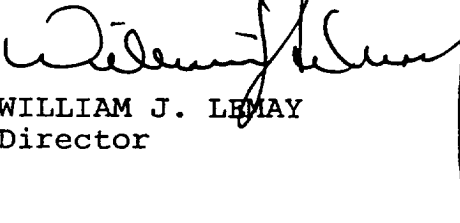
(1) Decretory Paragraph No. (2) on page 3 of Order No. R-8989 be and the same is hereby amended to read as follows:

"(2) The applicant shall notify the supervisor of the Hobbs district office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said directional surveys to the Santa Fe and Hobbs offices of the Division upon completion."

(2) The corrections set forth in this order be entered nunc pro tunc as of August 31, 1989.

DONE at Santa Fe, New Mexico, on this 3rd day of November, 1989.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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