

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. 11196
Order No. R-10306

**APPLICATION OF NEARBURG
EXPLORATION 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 January 19, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of January, 1995, 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 Exploration Company, seeks approval for an unorthodox oil well location to be drilled 330 feet from the South line and 1300 feet from the West line (Unit M) of Section 12, Township 17 South, Range 37 East, NMPM, to test the Undesignated Humble City-Strawn Pool, Lea County, New Mexico.

(3) The S/2 SW/4 of said Section 12 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool.

(4) The proposed well location and 80-acre unit is within one mile of the Humble City-Strawn Pool and is therefore subject to the Special Rules and Regulations for said pool, as promulgated by Division Order No. R-4438, as amended, which provides for standard 80-acre oil spacing and proration units with wells to be located within 150 feet of the center of either governmental quarter-quarter section or lot.

(5) The applicant presented geological evidence and testimony which indicates that a well drilled at the proposed unorthodox location should penetrate a small algal reef mound within the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) No other offsetting mineral interest owner or interested party appeared at the hearing in opposition to this application.

(7) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Strawn formation, 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 Nearburg Exploration Company for an unorthodox oil well location to be drilled 330 feet from the South line and 1300 feet from the West line (Unit M) of Section 12, Township 17 South, Range 37 East, NMPM, to test the Undesignated Humble City-Strawn Pool, Lea County, New Mexico, is hereby approved.

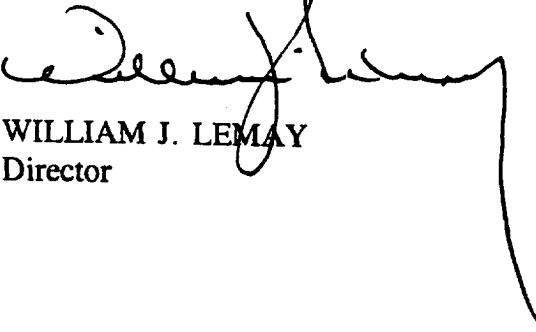
(2) The S/2 SW/4 of said Section 12 shall be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool.

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

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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

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