

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. 9376
Order No. R-8605-A

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

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 1st day of July, 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) By Order No. R-8605, entered in Case No. 9312 on March 8, 1988, the Division approved an unorthodox oil well location for Nearburg Producing Company's Soledad "19M" Well No. 1 located 1000 feet from the South and West lines (Unit M) of irregular Section 19, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, and further approved a 50.35-acre non-standard oil proration unit for said well consisting of Lot 4 of said Section 19.

(3) The applicant in the immediate case, Nearburg Producing Company, seeks to amend said Order No. R-8605 by changing the non-standard oil proration unit to include Lot 3 of said irregular Section 19 thereby forming a 100.81-acre non-standard oil proration unit within the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

(4) The applicant further seeks in its application the assignment of the resultant increase in oil allowable for said well to be made retroactive to April 1, 1988, but at the time of the hearing requested that such oil allowable be made effective June 1, 1988.

(5) The applicant presented testimony which indicates that the subject well has been completed in the Northeast Lovington-Pennsylvanian Pool and is currently capable of producing in excess of 425 barrels of oil per day.

(6) The applicant further presented evidence and testimony which indicate that the proposed entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Northeast Lovington-Pennsylvanian 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.

(8) The applicant's request for assignment of the resultant increase in oil allowable for the subject well to be made effective June 1, 1988 is reasonable and should also be granted.

IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph Nos. (2) and (3) of Division Order No. R-8605 are hereby amended to read in their entirety as follows:

CASE NO. 9376
Order No. R-8605-A
Page -3-

" (2) A non-standard oil proration unit, also hereby approved, consisting of 100.81 acres and comprising Lots 3 and 4 of of irregular Section 19, Township 16 South, Range 37 East, NMPM, shall be dedicated to the above described well.

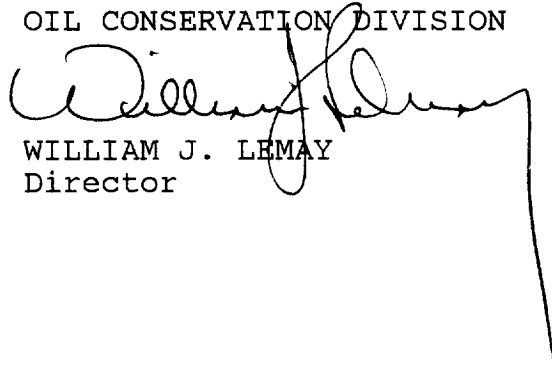
(3) For purposes of assigning allowable, the subject well shall be assigned an acreage factor of 1.26 in the Northeast Lovington-Pennsylvanian Pool."

(2) The effective date of the amendments contained herein shall be June 1, 1988.

(3) 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

S E A L