

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. 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
MEXICO.

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.

(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.

-3-

Case No. 9312

Order No. R-8605

(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.

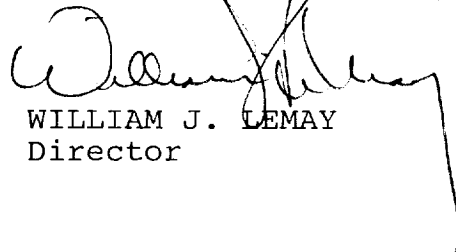
(2) A non-standard oil proration unit, also hereby approved, consisting of 50.35 acres and comprising Lot 4 of irregular Section 19, Township 16 South, Range 37 East, NMPM, shall be dedicated to the above described well.

(3) For purposes of assigning allowable, the subject well shall be assigned an acreage factor of 0.629 in the Northeast Lovington-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


WILLIAM J. LEMAY
Director

S E A L