

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. 9313
Order No. R-8606

APPLICATION OF NEARBURG PRODUCING
COMPANY FOR A NON-STANDARD OIL
PRORATION UNIT AND 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 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 authority to drill its Baker "7M" Well No. 1 at an unorthodox location 1300 feet from the South line and 400 feet from the West line (Unit M) of irregular Section 7, Township 17 South, Range 38 East, NMPM, Undesignated South Humble City Strawn Pool, Lea County, New Mexico.

(3) The applicant further seeks approval of a non-standard oil proration unit consisting of 75.59 acres and comprising Lots 3 and 4 of said irregular Section 7, said proration unit to be dedicated to the above described well.

(4) The proposed well location is situated within one mile of the outer boundary of the South Humble City-Strawn Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-6913, 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) All affected offset acreage is currently owned and operated by the applicant.

(7) The proposed non-standard proration unit is necessitated by a variation in the legal subdivision of the U.S. Public Lands Survey.

(8) Approval of the subject non-standard 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.

(9) For purposes of assigning allowable, the subject well should be assigned an acreage factor of 0.945 in the South Humble City-Strawn Pool.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nearburg Producing Company, is hereby authorized to drill its Baker "7M" Well No. 1 at an unorthodox location 1300 feet from the South line and 400 feet from the West line (Unit M) of irregular Section 7, Township 17 South, Range 38 East, NMPM, Undesignated South Humble City-Strawn Pool, Lea County, New Mexico.

-3-

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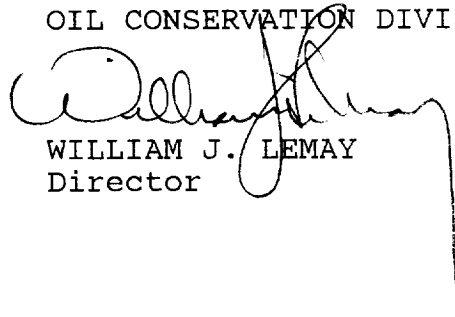
(2) A non-standard oil proration unit, also hereby approved, consisting of 75.59 acres and comprising Lots 3 and 4 of said irregular Section 7, Township 17 South, Range 38 East, NMPM, shall be dedicated to the above described well.

(3) For purposes of assigning allowable, the subject well shall be assigned an acreage factor of 0.945 in the South Humble City-Strawn 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

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