

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. 9406
Order No. R-8676

APPLICATION OF NEARBURG
PRODUCING COMPANY FOR AN
UNORTHODOX GAS WELL LOCATION,
EDDY 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 24th day of June, 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 of an unorthodox gas well location for its M.H. Federal Com Well No. 1 located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, NMPM, Undesignated McKittrick Hills-Morrow Gas Pool, Eddy County, New Mexico.

(3) The M.H. Federal Com Well No. 1 was originally drilled in 1979 to a total depth of 7952 feet by Morris R. Antweil, was tested in the Upper Pennsylvanian formation and was subsequently plugged and abandoned.

CASE NO. 9406
Order No. R-8676
Page 2

(4) The applicant proposes to utilize the existing wellbore and drill to a total depth of approximately 10,600 feet to test the Morrow formation.

(5) The applicant is the current leasehold owner of the S/2 of said Section 1, said acreage to be dedicated to the above described M.H. Federal Com Well No. 1.

(6) The applicant presented geologic evidence and testimony at the hearing which indicates that a well at the proposed unorthodox location will better enable the applicant to produce the gas underlying the proration unit.

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

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas 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.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nearburg Producing Company, is hereby authorized to reenter the existing M.H. Federal Com Well No. 1 located at an unorthodox gas well location 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, NMPM, Undesignated McKittrick Hills-Morrow Gas Pool, Eddy County, New Mexico, to test the Morrow formation.

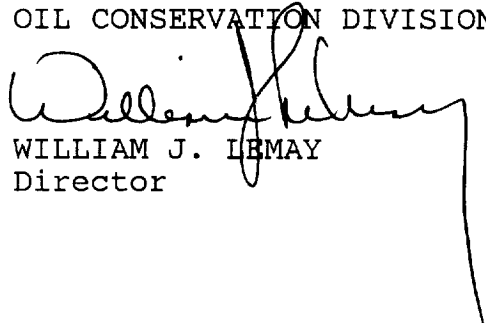
(2) The S/2 of said Section 1 shall be dedicated to the above described well.

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

CASE NO. 9406
Order No. R-8676
Page 3

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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