

**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. 10532
Order No. R-9713**

**APPLICATION OF NEARBURG PRODUCING
COMPANY FOR AN UNORTHODOX OIL
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 August 20, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 2nd day of September, 1992, 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 Emerald "32" Federal Well No. 2 at an unorthodox oil well location 2080 feet from the South line and 1400 feet from the West line (Unit K) of Section 32, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, to test the Undesignated Willow Lake-Delaware Pool.

(3) The applicant proposes to dedicate the NE/4 SW/4 of Section 32 to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

(4) The Willow Lake-Delaware Pool is currently governed by Rule No. 104 (C)(1) of the Division Rules and Regulations which requires standard 40-acre oil spacing units with wells to be located no closer than 330 feet from the outer boundary of the proration unit.

(5) The applicant has made attempts to locate the subject well at a standard oil well location within the NE/4 SW/4, however, the proposed location is necessitated by topographical considerations, including the presence of the Pecos River and Pecos River Recreational Area as well as the presence of archaeological sites within the area.

(6) The proposed location has been informally approved by the Bureau of Land Management.

(7) The applicant presented as evidence signed waivers of objection to the proposed unorthodox location from all affected offset operators.

(8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Willow Lake-Delaware 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 drill its Emerald "32" Federal Well No. 2 at an unorthodox oil well location 2080 feet from the South line and 1400 feet from the West line (Unit K) of Section 32, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, to test the Undesignated Willow Lake-Delaware Pool.

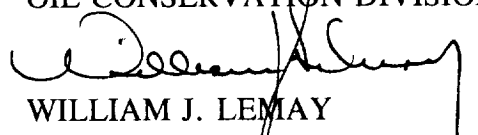
(2) The NE/4 SW/4 of Section 32 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

(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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