DATE 1/30/01	SUSPENSE 2/19/01	ENGINEER MS	LOGGED IN KW	TYPE NSL	APP NO. 103652165

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87504

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

01 JAN 30 PM 4:32

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

WILLIAM F. CARR	William F. Carr	ATTORNEY	1-30-01
Print or Type Name	Signature	Title	Date

wcarr@westofpecos.com
e-mail Address

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

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BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
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TELEPHONE (505) 988-4421
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January 30, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Application of Nearburg Exploration Company, L.L.C. for Administrative Approval of an unorthodox surface and bottomhole well location for its Apache "31" State Well No. 1, Section 31, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

Nearburg Exploration Company, L.L.C. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F adopted on August 12, 1999, of an unorthodox surface and bottomhole well location for its Apache "31" State Well No. 1 to be drilled from a surface location 210 feet from the South line and 2310 feet from the East line to a bottom hole location in the Strawn formation at a point 2130 feet from South line and 2310 feet from the East line of Section 31, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The initial Strawn penetration will be 510 feet from the South line and 2310 feet from East line of the Section and therefore encroaches on offsetting properties to the East. The W/2 SE/4 of Section 31 is be dedicated to the well.

The unorthodox surface location is required for topographic reasons. Attached as Exhibit A is a topographic map which shows the proposed surface and bottom hole locations (total

depth and the Strawn penetration), the locations of wells and roads on this spacing unit, and the location of a quarry. The unorthodox surface location is necessary to stay away from these topographic conditions. This location in the Strawn formation is unorthodox toward the west boundary of the dedicated acreage because it is governed by Rule 4 of the Special Rules and Regulations for the Shipp-Strawn Pool which provides for wells on 80-acre spacing unit to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

Attached hereto as Exhibit B is a plat, as required by Rule 104.F (3), showing the subject spacing unit, the surface and bottomhole proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

Attached hereto as Exhibits C through F are an anomaly area map and three arbitrary seismic lines which shows the interpreted Strawn mound in Units O and J of Section 31. This mound is the target for this well. This map was created by review of seismic amplitude and waveform changes which can be indicative of Strawn algal mounds in this play. The map shows three arbitrary line locations. Lines A-A', B-B', and C-C' are all south to north lines from Unit B of Section 6, Township 17 South, Range 37 East through Units O and J and into Unit G of Section 31, Township 16 South, Range 37 East. All seismic displays have been flattened on the Atoka reflection to best show the Strawn mound anomaly. The proposed Apache 31 lateral lies along A-A'. This line shows the Strawn mound "buildup", amplitude attenuation and waveform changes in Units O and J. Line B-B' is located on the east flank of the anomaly from the standard location in Unit O the standard location in Unit J. This line shows no "buildup" and only a small area of amplitude attenuation. Line C-C' is located on the West flank of the anomaly and also shows only a small area of amplitude attenuation.

These Exhibits demonstrate the need to drill at a non-standard location 2310 feet from the East line of this section. Line A-A', which is 2310 feet from the east line, is located in the center of the anomaly and shows the best Strawn mound seismic attributes. A standard location along line B-B' shows only minor amplitude attenuation and would be a much riskier location on the east flank of the anomaly.

The only party affected by this application is Devon Energy Corporation (Nevada), 20 North Broadway, Suite 1500, Oklahoma City, Oklahoma 73102 which is the west offsetting

operator. A copy of this application, including a a copy of the plat described above has been sent to Devon by certified mail-return receipt requested in accordance with Rule 1207 (A)(5) advising them that if they have an objection to this application it must be filed in writing within twenty days from the date this notice was sent.

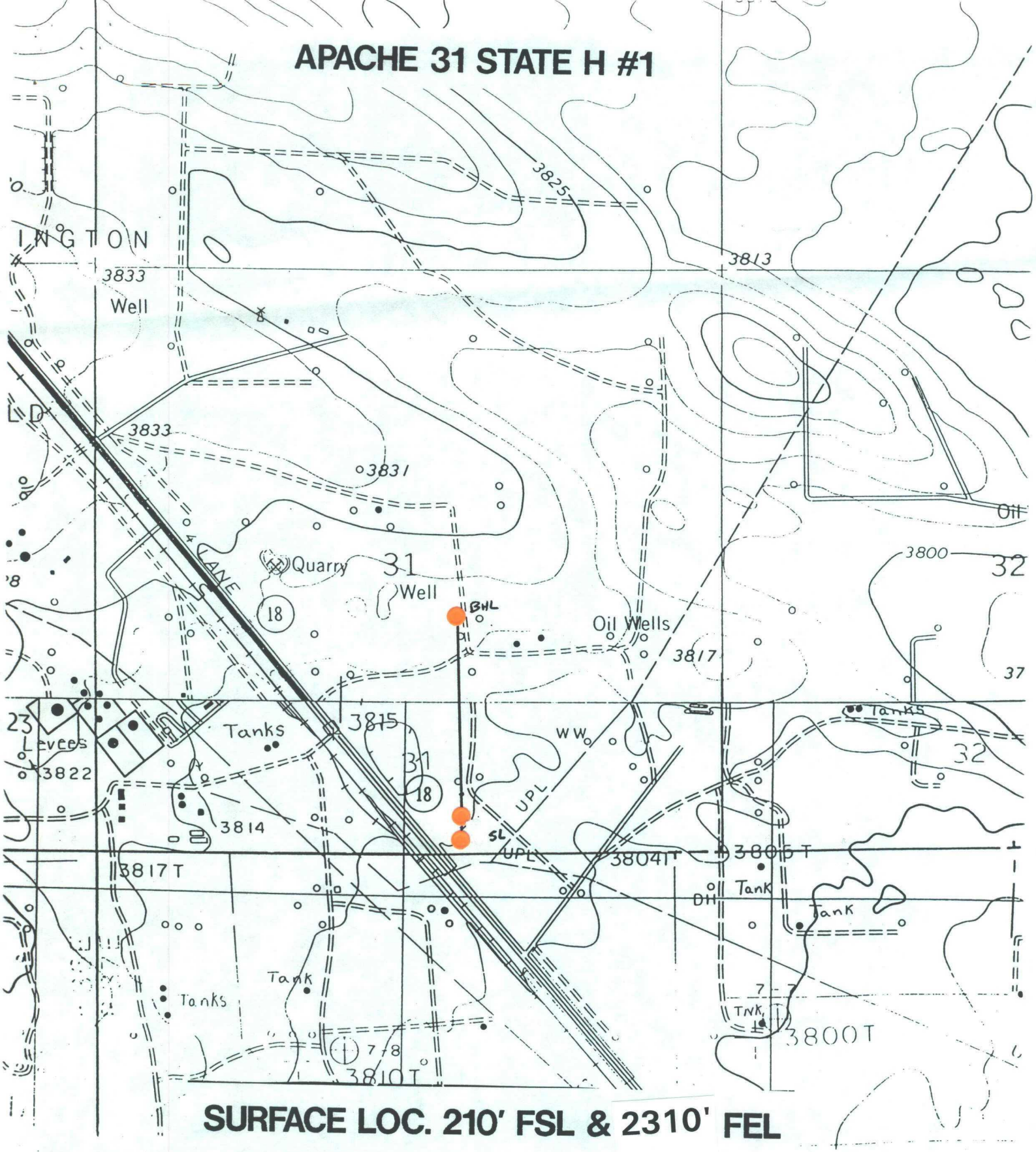
Your attention to this matter is appreciated.

Very truly yours,

William F. Carr
Attorney for Nearburg Exploration Company, L.L.C.

Enclosures

APACHE 31 STATE H #1



SURFACE LOC. 210' FSL & 2310' FEL

INITIAL STRAWN PENETRATION 510' FSL & 2310' FEL

BOTTOM HOLE LOCATION 2130 FSL & 2310' FEL

EXHIBIT A

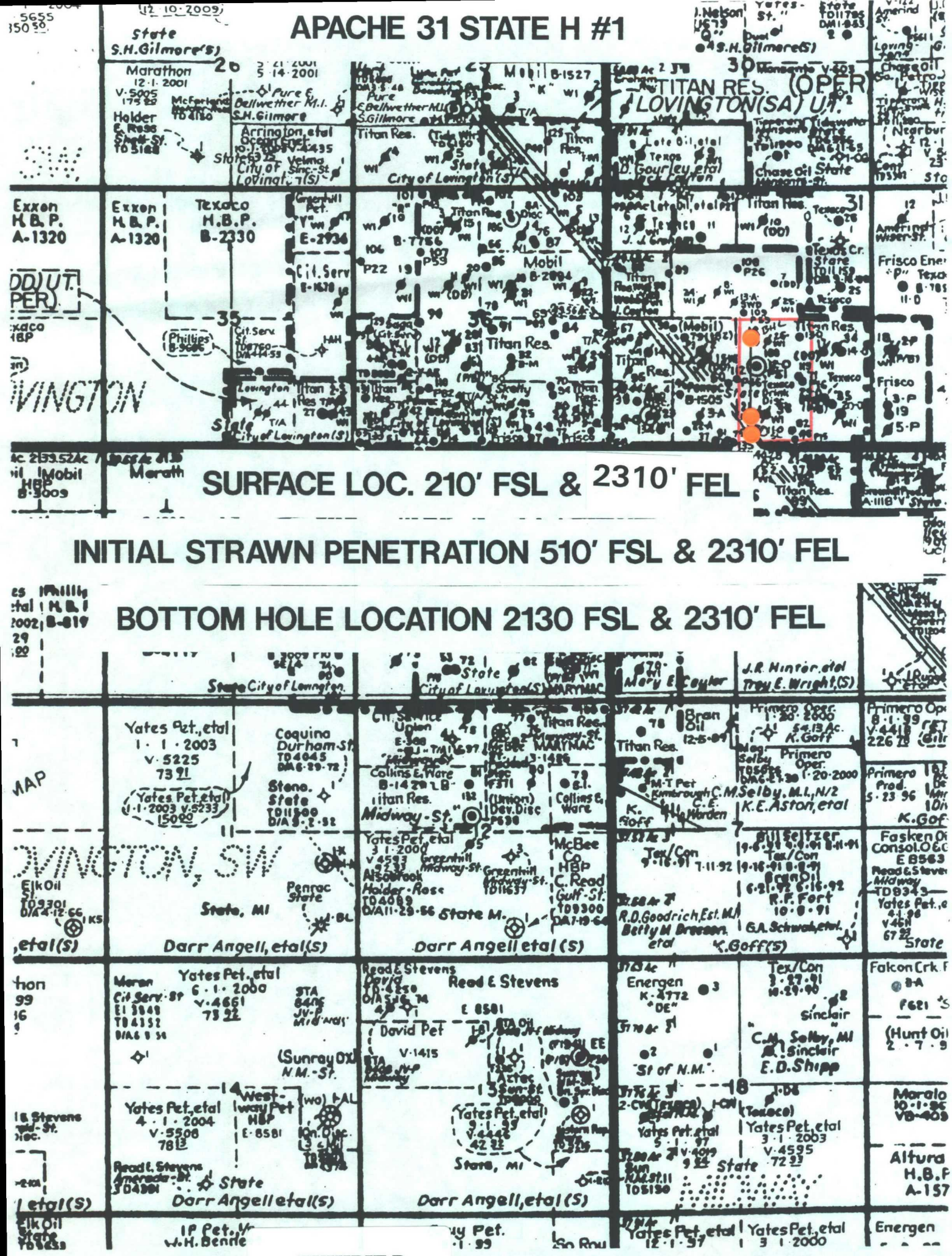
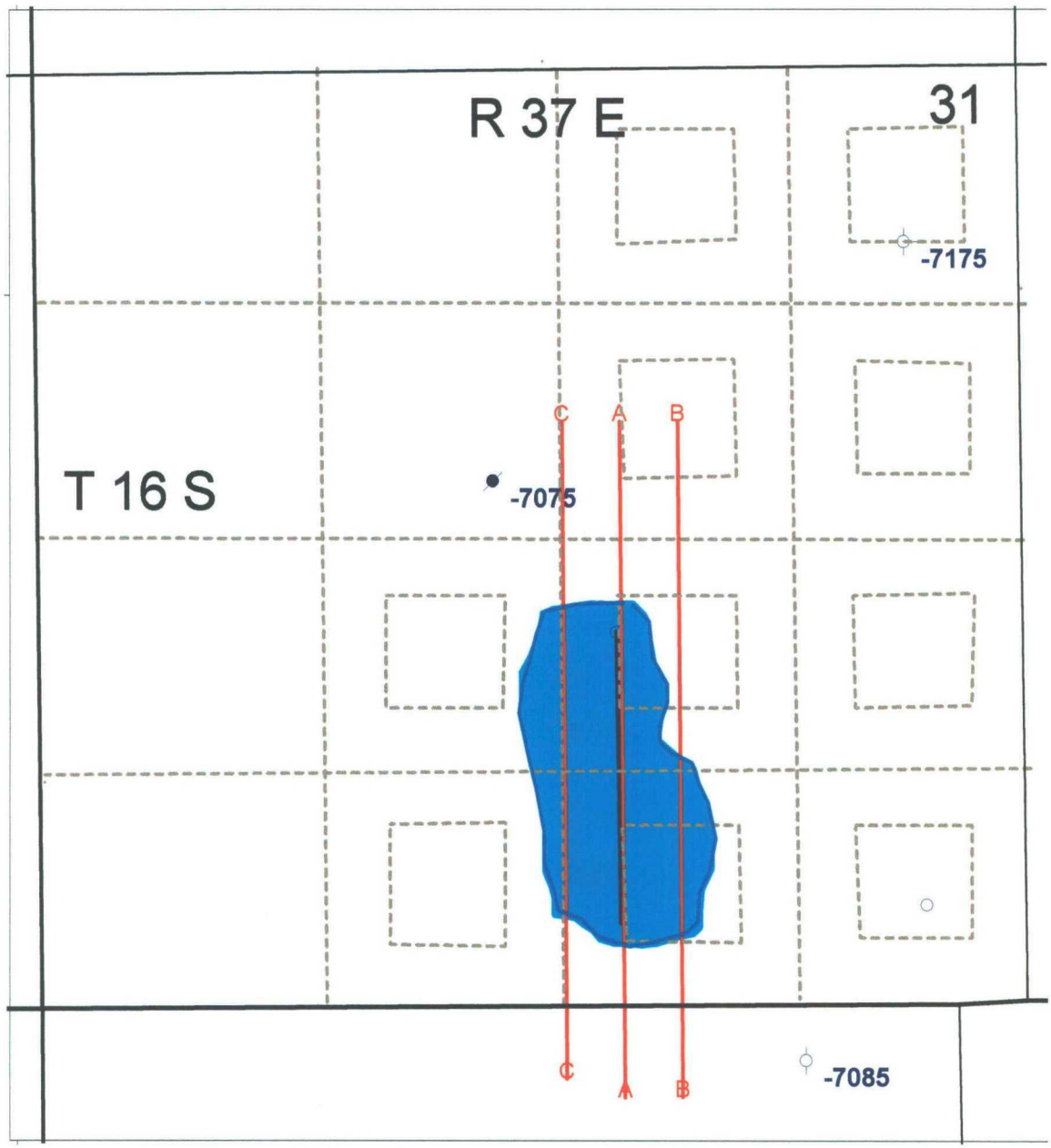

APACHE 31 STATE H #1
SURFACE LOC. 210' FSL & 2310' FEL
INITIAL STRAWN PENETRATION 510' FSL & 2310' FEL
BOTTOM HOLE LOCATION 2130 FSL & 2310' FEL

EXHIBIT B

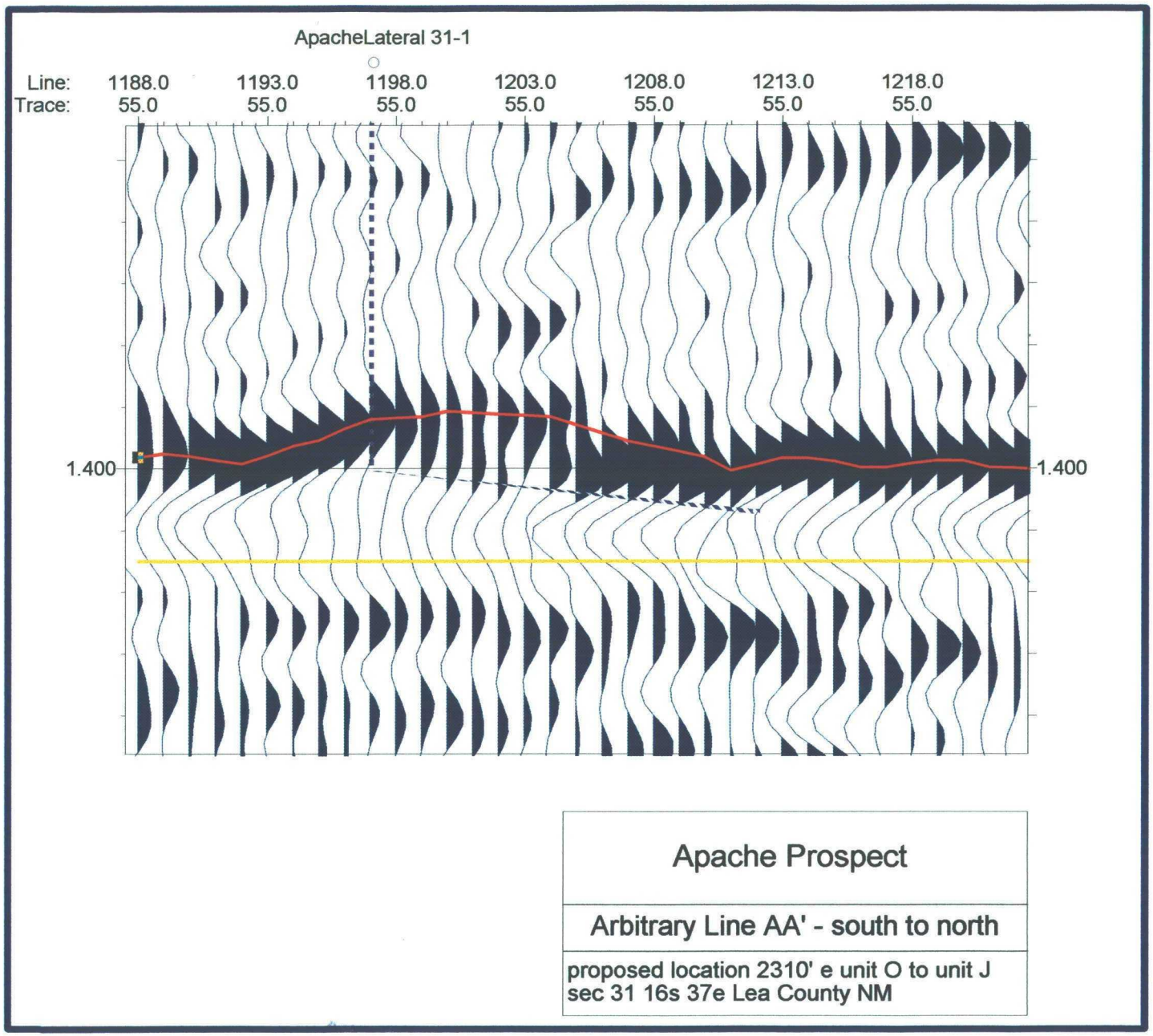
X/Y :



Apache Prospect
anomaly area and arbitrary line locations
1:1000' scale sec 31 16s 37e Lea County, NM

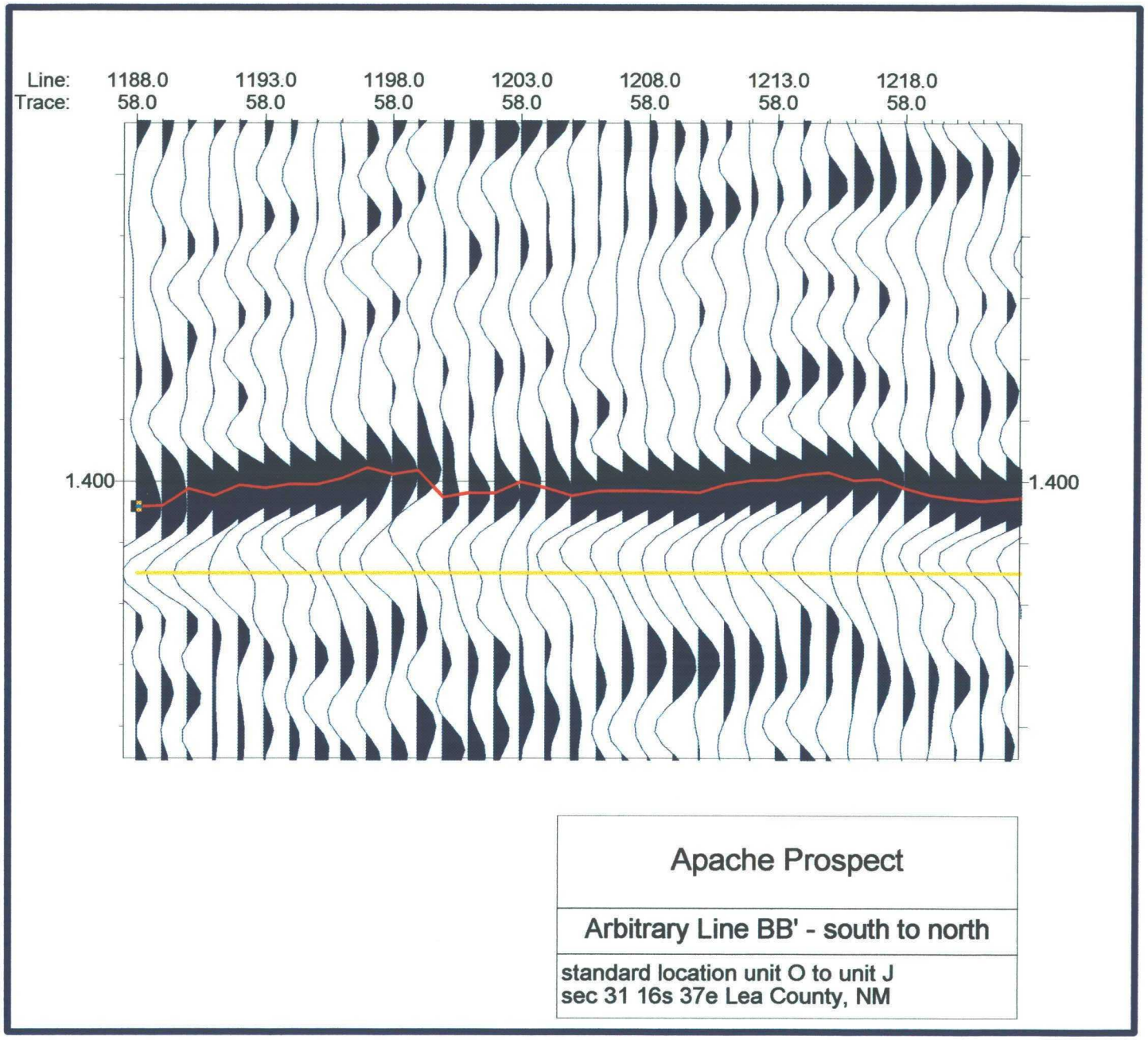
12/12/00 14:00:54

EXHIBIT C



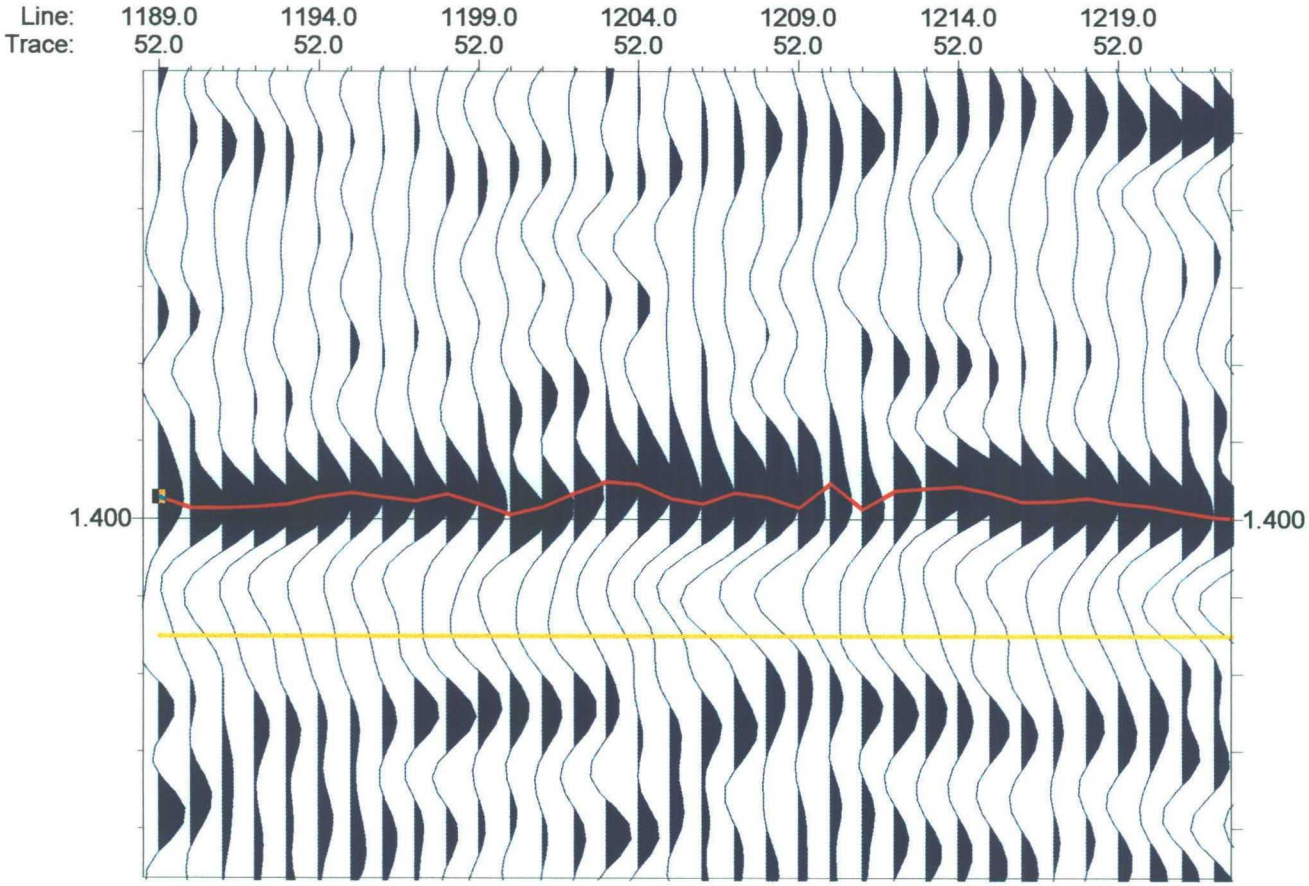
12/12/00 13:27:13

EXHIBIT D



12/12/00 13:23:41

EXHIBIT E

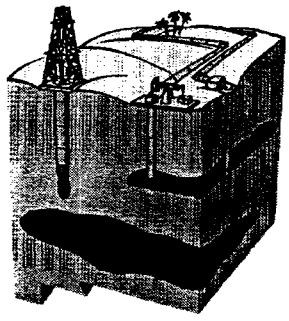


Apache Prospect
Arbitrary Line CC' - south to north
along mid-section line 2640' fe sec 31 16s 37e Lea County, NM

12/12/00 13:34:44

EXHIBIT F

983-6043



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. Saint Francis Drive
Santa Fe, NM 87505
(505) 476-3440 (OFFICE)
(505) 476-3471 (FAX)

PLEASE DELIVER THIS FAX :

TO: Mr. William F. Carr

FROM: Michael E. Stogner

SUBJECT: Nearburg's Apache "31" State Well No.1

DATE: March 3, 2001

PAGES: 5
(includes cover sheet)

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.

Sorry about this.

3-2-01 (4:15pm)

Mr. Carr,

So that you, Mr. Feldewart, and Nearburg will not think that I was intentionally putting the subject application off, I commenced reviewing this application on Wednesday morning after I returned from my vacation from February 19th through the 27th. This application had reached the top of my administrative order stack on Friday, February 16th before I left. I apologize that I was not able to get to it at that time.

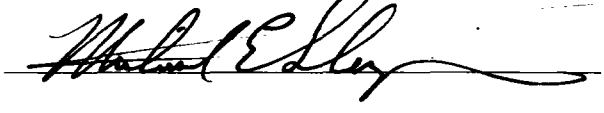
On Wednesday morning (2-28-01) David Catanach informed me that Nearburg was anxious about this application because he had talked with Mr. Wheeler on Friday, Feb. 23 rd, I then commenced reviewing this application first thing (it was on top, as is now my practice for administrative applications), when, unfortunately, I had to put it aside, after I: **(i)** found that an older administrative application had been misplaced and required my immediate attention; **(ii)** during which time supplemental data had come in on another older application, so I worked on finalizing that application; **(iii)** I then finalized a hearing order on a case that I had heard before leaving; and **(iv)** as the day was nearing an end, commenced preparing for a special hearing scheduled for the next day.

As you know Thursday's hearing took most of the day, after that I returned on the misplaced application and worked on that until 6:15 p.m.

This morning after finally finishing with the older misplaced application, I commenced working on hearing related matters, until Mr. Feldewart visited me at 1:45 p.m. at which time I immediately returned to your Nearburg application.

Upon my review I found the proposed well to be closer to the Northeast Lovington-Strawn Pool then the Shipp-Strawn Pool. As you can see in my attached draft order I took that into account. I also included to the file for your application a copy of the well-file from our record here in Santa Fe (please note the API No., which is used by our electronic file system to tract and cross reference such matters). Finally in reviewing your notice in this matter [pursuant to Rule 1207.A (2)] I looked to verify Devon Energy Corporation as an operator to a Strawn oil well in the immediate 80-acre stand-up tract to the west. I found none listed, perhaps there was a typo and "operator" (first word on page three) should have been "working interest owner" [see Rule 1207.A (2) (a) 2]. As soon as I hear from you concerning this matter I can release this draft order for Ms. Wrotenbery's signature.

I again apologize for the lateness of my review of your application.



1/2

DRAFT ORDER

February 28, 2001

Nearburg Exploration Company, L.L.C.
c/o William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Administrative Order NSL-**(BHL)***

Dear Mr. Carr:

Reference is made to the following: **(i)** your application on behalf of the operator, Nearburg Exploration Company, L.L.C. ("Nearburg") dated January 30, 2001, which contained information dated December 12, 2000 (see Exhibits C, D, E, and F); **(ii)** the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Hobbs; **(iii)** Mr. Mark Wheeler's telephone conversation with Mr. David R. Catanach, Engineer/Hearing Officer in Santa Fe on Friday, February 23, 2001; **(iv)** Mr. Michael H. Feldewert's, meeting with Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe on Friday, March 3, 2001;

(-----) Mr. Stogner's telephone conversation with you on Friday, afternoon on March 2, 2001 concerning notice in this matter, see Rule 1207.A (2); and (_____) your response by _____ on _____, March ___, 2001

: all concerning Nearburg's request for a non-standard subsurface oil producing area/bottomhole oil well location, as defined by Division Rule 111.A (7) within a project area [see Division Rule 111.A (9)] comprising the W/2 SE/4 of Section 31, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, being a standard 80-acre stand-up oil spacing and proration unit for either the Undesignated Northeast Lovington-Strawn Pool or the Undesignated Shipp-Strawn Pool.

This 80-acre unit is within one mile of both the Northeast Lovington-Strawn and Shipp-Strawn Pools. The special pool rules concerning well location is identical for both pool and require wells to be within 150 feet of the center of a governmental quarter-quarter section or lot, see Rule

4 of the "*Special Rules and Regulations for the Ship-Strawn Pool*," as promulgated by Division Order No. R-8062-A, as amended, and Rule 4 of the "*Special Rules and Regulations Northeast Lovington-Pennsylvanian Pool*," as promulgated by Division Order No. R-3816, as amended.

This application has been duly filed under the provisions of: (**i**) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (**ii**) Division Rule 111.C (2); (**iii**) Division Rule 1207.A (2); and (**iv**) the applicable special provisions governing both the Northeast Lovington and Shipp Strawn Pools.

It is our understanding that Nearburg intends to drill its proposed Apache "31" State Well No. 1 (**API No. 30-025-35380**) from a surface location 210 feet from the South line and 2310 feet from the East line (Unit O) of Section 31, kick-off from the vertical portion of this wellbore to the north, and directionally drill into the Strawn formation at a targeted unorthodox bottomhole location that is approximately 2130 feet from the South line and 2310 feet from the East line (Unit J) of Section 31.

It is further understood that Nearburg is seeking this subsurface location exception based on seismic data taken within the immediate area, whereby it contends that a well directionally drilled to the proposed unorthodox bottomhole oil well location will serve to intersect the top of a small algal reef mound at a more favorable geologic position within the Strawn formation underlying the subject 80-acre unit.

By the authority granted me under the provisions of: (**i**) Rule 5 of both the special Northeast Lovington and Shipp Strawn Pool rules; and (**ii**) Division Rule 104.F (2), Nearburg is hereby authorized to directionally drill its proposed Apache "31" State Well No. 1 as close as is reasonably possible to a targeted subsurface location within the Strawn formation considered to be unorthodox 2130 feet from the South line and 2310 feet from the East line (Unit J) of Section 31.

The operator shall comply with all provisions of Division Rule 111 applicable in this matter and to the rules governing the appropriate pool assigned once production is established.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

(e) At the request of any interested person or upon the Division's own initiative, any pooling application submitted shall be set for full hearing with oral testimony by the applicant. [Rn, 19 NMAC 15.N.1207.A.(4), 7-15-99; A, 7-15-99]

(2) Unorthodox Well Locations: [1-1-87...2-1-96; Rn, 19 NMAC 15.N.1207.A.(5), 7-15-99; A, 7-15-99]

(a) Definition: "Affected persons" are the following persons owning interests in the adjoining spacing units:

1. the Division-designated operator;

2. in the absence of an operator, any lessee whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application is filed; and

3. in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application was filed.

In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit. [1-1-87...2-1-96; N, 7-15-99]

(b) If the proposed location is unorthodox by being located closer to the outer boundary of the spacing unit than permitted by rule, notice shall be given to the affected persons in the adjoining spacing units towards which the unorthodox location encroaches. [Rn, 19 NMAC 15.N.1207.A.(5).(a), 7-15-99, A, 7-15-99]

(c) If the proposed location is unorthodox by being located in a different quarter-quarter section or quarter section than provided in special pool orders, notice shall be given to all affected persons. [Rn, 19 NMAC 15.N.1207.A.(5).(a), A, 7-15-99]

HOLLAND & HART LLP
and
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE • CASPER
CHEYENNE • JACKSON HOLE
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MICHAEL H. FELDEWERT
mfeldewert@westofpecos.com

March 5, 2001

VIA HAND DELIVERY

Michael Stogner
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Application of Nearburg Exploration Company, LLC for Administrative Approval of an unorthodox surface and bottomhole well location for its Apache "31" State Well No. 1, Section 31, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Stogner:

We are in receipt of your March 3rd facsimile and by this letter confirm that Devon Energy Corporation is the sole lessee of the 80-acre stand-up tract to the west. Please accept our apology for the confusion and delay caused by our erroneous representation that Devon Energy was the "operator" of a well on this offsetting tract.

Thank you for your assistance in this matter.

Sincerely,

Michael H. Feldewert

MHF
cc: Mark Wheeler

80 acres

County Lea Pool Shipp-Strawn

TOWNSHIP 16 South Range 37 East NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: SE/4 and E/2 SW/4 Sec. 33, S/2 Sec. 34 (R-8062, 10-31-85)
Amend horizontal limits to include N/2 and SE/4 Sec. 4 only, T17S, R37E (R-8062-A, 1-21-86) Ext: SE/4 Sec. 33 (R-8513, 9-18-87)
EXT: SE/4 SEC 32, SW/4 SEC 33 (R-8603, 2/19/88) EXT: SE/4 SEC 35 (R-8668, 6/10/88)
EXT: SE/4 Sec 36 (R-9741, 9-1-89) EXT: SE/4 SEC 34 (R-9120, 3-1-90)
EXT: W/2 SEC 36 (R-8772, 11-1-88)

CMD : ONGARD 02/28/01 12:11:47
OG5SECT INQUIRE LAND BY SECTION OGOMES -TP9I
PAGE NO: 1

Sec : 31 Twp : 16S Rng : 37E Section Type : NORMAL

1 49.80 Federal owned U U A A A A	C 40.00 Fee owned U A A	B 40.00 MH B07896 0002 APACHE CORPORATIO U 12/10/48 A	A 40.00 MH B07896 0002 APACHE CORPORATIC 12/10/48 A
2 49.68 Federal owned U U A A A A A	F 40.00 MH B07896 0002 APACHE CORPORATIO U U 12/10/48 A A A A A	G 40.00 MH B07896 0002 APACHE CORPORATIO U U 12/10/48 A A	H 40.00 MH B07896 0002 APACHE CORPORATIC 12/10/48 A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD : ONGARD 02/28/01 12:11:5C
OG5SECT INQUIRE LAND BY SECTION OGOMES -TP9I
PAGE NO: 2

Sec : 31 Twp : 16S Rng : 37E Section Type : NORMAL

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4 49.44 MH B07896 0002 APACHE CORPORATIO U U 12/10/48 A A A A A A	N 40.00 MH B01505 0002 DEVON ENERGY PROD U U 02/13/39 A A A A A	O 40.00 MH B07896 0002 APACHE CORPORATIO U U 12/10/48 A A A A A A	P 40.00 MH B07896 0002 APACHE CORPORATIC U U 12/10/48 A A A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

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CMD :                              ONGARD                          02/28/01 12:13:46
OG6C101              C101-APPLICATION FOR PERMIT TO DRILL                OGOMES -TP9I

OGRID Idn      :  15742 API Well No: 30  25 35380 APD Status(A/C/P): A
Opr Name,  Addr: NEARBURG PRODUCING CO            Aprvl/Cncl Date  : 01-30-2001
                 PO BOX 823085
                 DALLAS,TX 75382

Prop Idn:  27303 APACHE 31 STATE                                Well No:   1

               U/L Sec  Township Range  Lot Idn  North/South      East/West
               --- ---  -------- -----  -------  -------------   ------------
Surface Locn : O   31   16S      37E             FTG  210 F S   FTG 2310 F E
OCD U/L      : O    API County :  25

Work typ(N/E/D/P/A)      : N Well typ(O/G/M/I/S/W/C): O   Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation :  3810

State Lease No:            Multiple Comp (S/M/C)    : S
Prpsd Depth    : 11900 Prpsd Frmtn    : STRAWN

        E0009: Enter data to modify record
PF01 HELP    PF02         PF03 EXIT    PF04 GoTo    PF05         PF06 CONFIRM
PF07         PF08         PF09 PRINT   PF10 C102    PF11 HISTORY PF12
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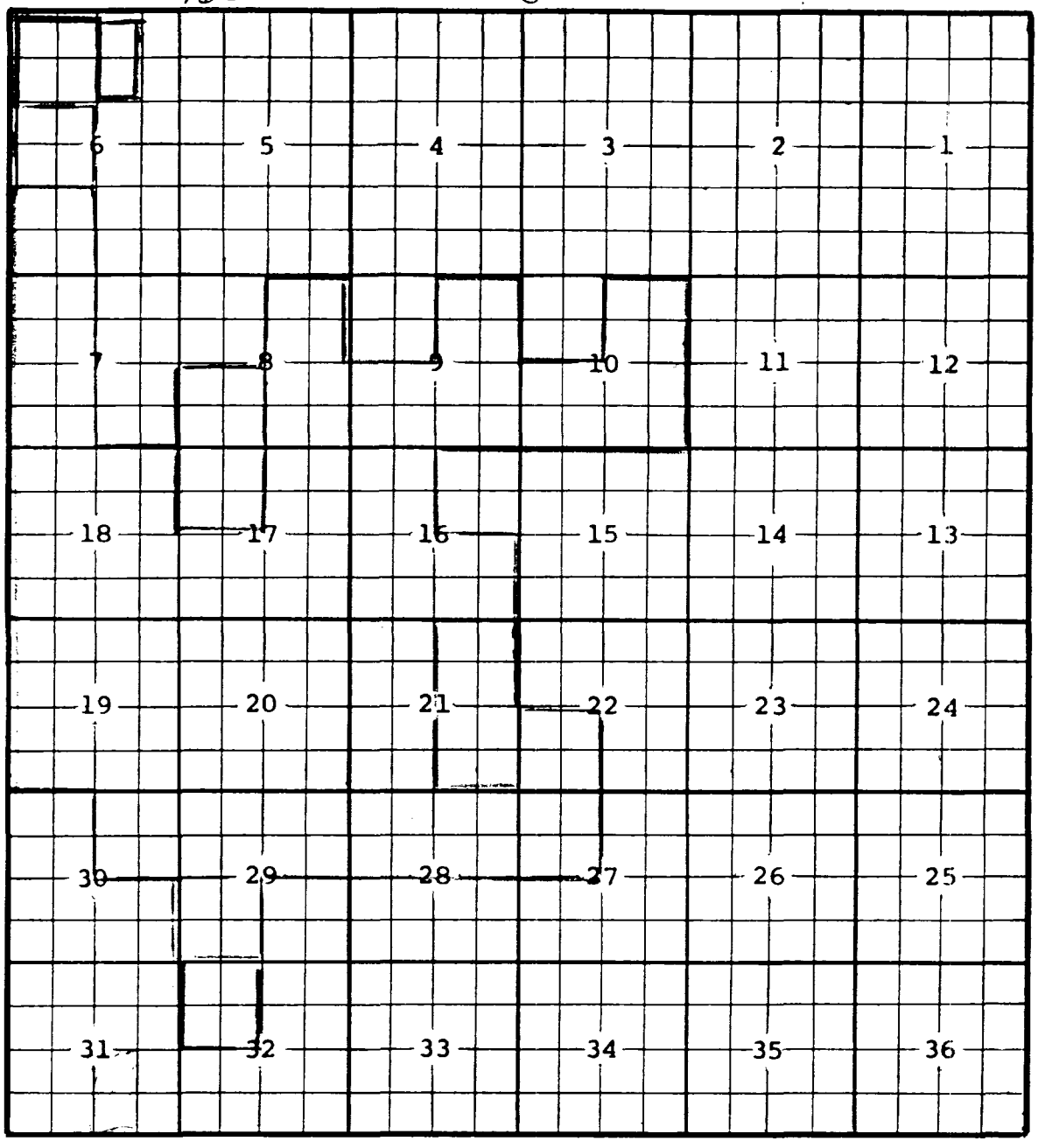
COUNTY LEA POOL NORTHEAST LOVINGTON - PENNSYLVANIAN

TOWNSHIP 16S RANGE 37E NMPM



DESC: SW/4 SEC 16; SE/4 SEC 17; SE/4 SEC 18; ALL SEC 19; NE/4 & S/2 SEC 20; NW/4 SEC 21 (R-3816, 8/14/69, EFFEC: 9/1/69) EXT: NE/4 SEC 18 (R-6328, 5/1/80)
EXT: NW/4 SEC 29 (R-6536, 12/1/80) EXT: W/2 SEC 18 (R-6724, 7/16/81)
EXT: SW/4 SEC 7 (R-6923, 3/9/82) EXT: NW/4 SEC 20 (R-7076, 9/27/82)
EXT: SE/4 SEC 8, NE/4 SEC 17 (R-7322, 8/1/83) EXT: NE/4 SEC 30 (R-7351, 9/19/83)
EXT: SW/4 SEC 21 (R-7607, 7/27/84) EXT: NW/4 SEC 28 (R-7800, 1/31/85)
EXT: S/2, NE/4 SEC 9 (R-7858, 3/28/85) EXT: NE/4 SEC 28 (R-7959, 6/12/85)
EXT: NE/4 SEC 8, S/2 SEC 10 (R-8193, 3/21/86) EXT: SW/4 SEC 17, NE/4 SEC 29 (R-8214, 5/1/86)
EXT: SW/4 SEC 6, NW/4 SEC 7 (R-8388, 1/14/87) EXT: SE/4 SEC 16 (R-8409, 3/7/87)
EXT: NW/4 SEC 16, SW/4 SEC 29 (R-8584, 1/11/88) EXT: NE/4 SEC 10 (R-8603, 2/19/88)
EXT: SW/4 sec 8, NW/4 sec 17, NW/4 sec 32 (R-8826, 12-22-88) EXT: E/2 sec 21 (R-8946, 7-1-89) EXT: Lots 11, 12, 13, & 14 sec 6 (R-8772, 11-1-88) Ext: Lots 3, 4, 5, 6 Sec 6 (R-10977, 4-13-98)
Ext: Lots 2 and 7 Sec 6 (R-11111, [illegible])

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address	2 OGRID Number
Nearburg Producing Company 3300 N A St., Bldg 2, Suite 120 Midland, TX 79705	015742
	3 API Number 30 - 025-35380

4 Property Code	5 Property Name	6 Well No.
27303	Apache 31 State	1

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
O	31	16S	37E		210	South	2310	East	Lea

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
	31	16S	37E		2130	South	2310	East	Lea

9 Proposed Pool 1	10 Proposed Pool 2
Lovington; Upper Penn, ~~East (40980)~~ Northeast	

11 Work Type Code	12 Well Type Code	13 Cable/Rotary	14 Lease Type Code	15 Ground Level Elevation
N	O	R	S	3810
16 Multiple	**17 Proposed Depth**	**18 Formation**	**19 Contractor**	**20 Spud Date**
No	11900	Strawn	Patterson #45	03-01-01

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	400'	400 sxs	Circ to surface
11"	8-5/8"	24# & 32#	4650'	500 sxs	
7-7/8"	5-1/2"	17#	10,880'	500 sxs	
4-3/4"	NA		11,900'		

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to horizonally drill the well to a SHL of 210' FSL and 2310' FEL to a penetration point @ 10,880' (Strawn) of 510' FSL and 2310' FEL to a BHL of 2130' FSL and 2310' FEL to sufficient depth to evaluate the Strawn formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

Acreage dedication is 80 acres; W/2 of Section 31.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Kim Stewart

Printed name: Kim Stewart

Title: Regulatory Analyst

Date: 01-23-01 Phone: 915/686-8235

OIL CONSERVATION DIVISION

Approved By: Gary W. Wink

Title: FIELD REPRESENTATIVE II

Approval Date: Expiration Date:

Conditions of Approval: Attached: ☐

GWW

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-35380	~~40980~~ 40760	Lovington; Upper Penn, ~~East~~ Northeast

Property Code	Property Name	Well Number
27303	APACHE "31" STATE	1

OGRID No.	Operator Name	Elevation
15742	NEARBURG PRODUCING CO.	3810

Surface Location

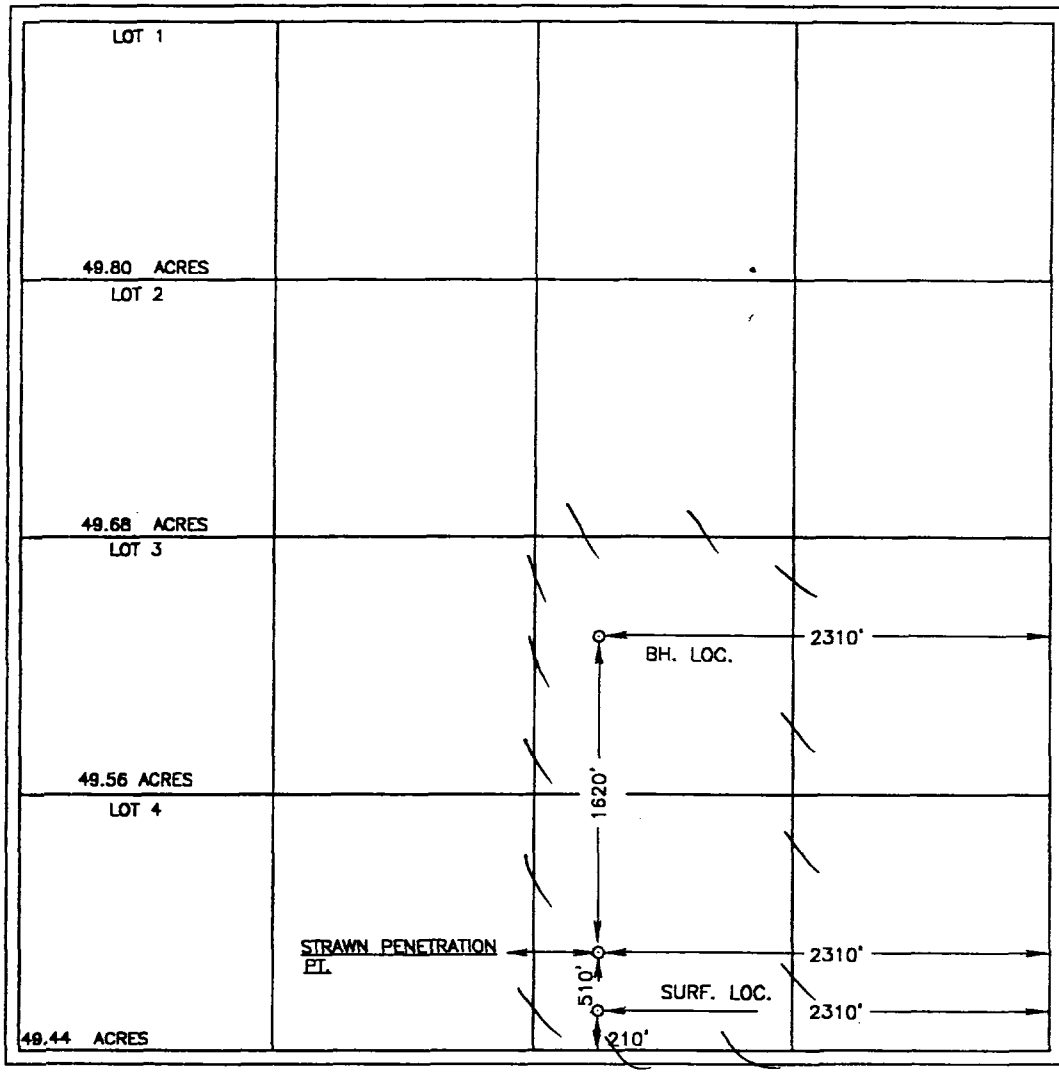
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	31	16S	37E		210	SOUTH	2310	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	31	16S	37E		2130	SOUTH	2310	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Kim Stewart

Printed Name: Kim Stewart

Title: Regulatory Analyst

Date: January 23, 2001

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

DECEMBER 6, 2000

Date Surveyed AWB

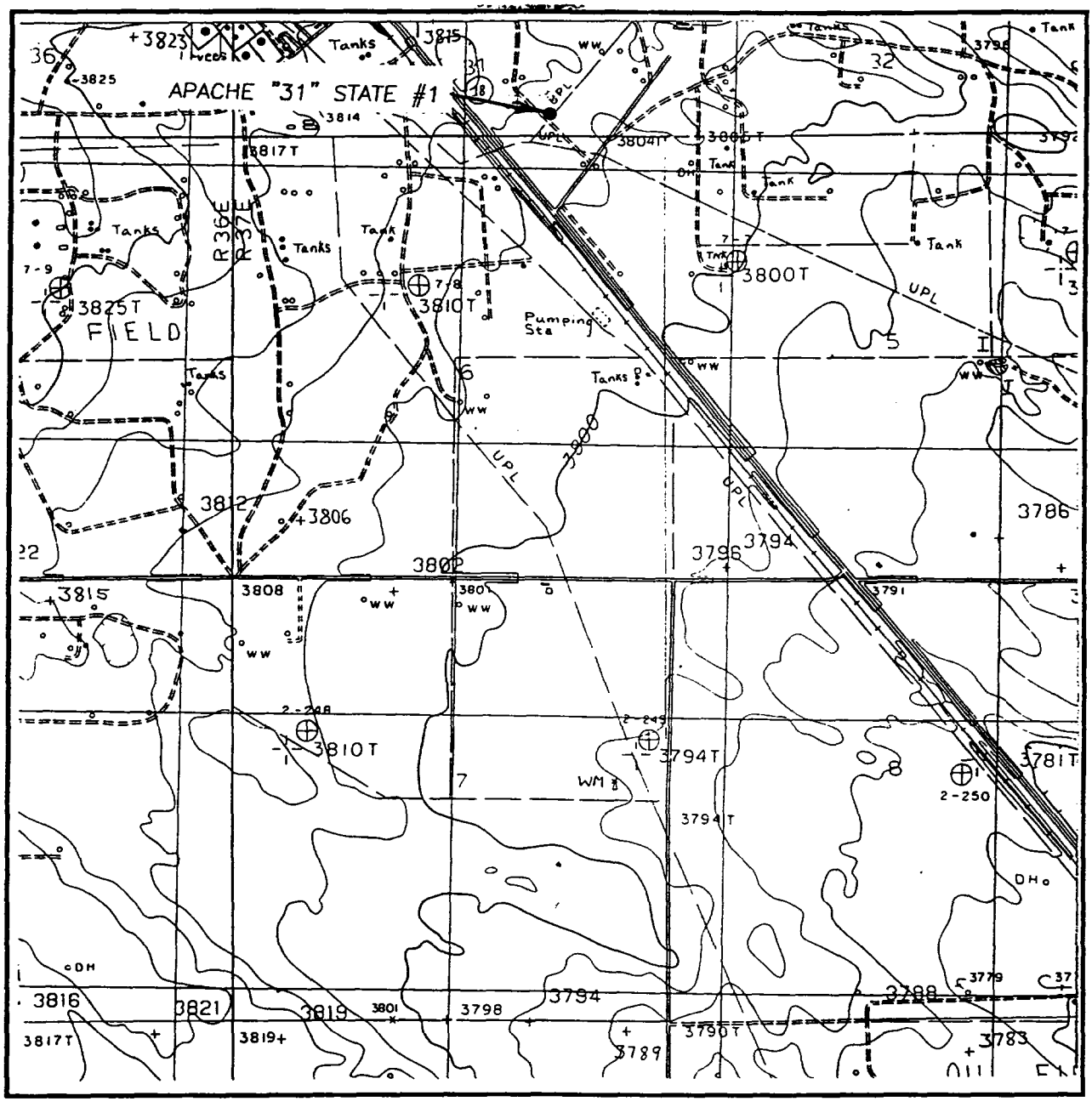
Signature & Seal of Professional Surveyor

Gary L. Eidson 2/17/01

00-11-1545

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

LOCATION VERFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

LOVINGTON SE, N.M.

SEC. 31 TWP. 16-S RGE. 37E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 210'FSL & 2310'FEL

ELEVATION 3810

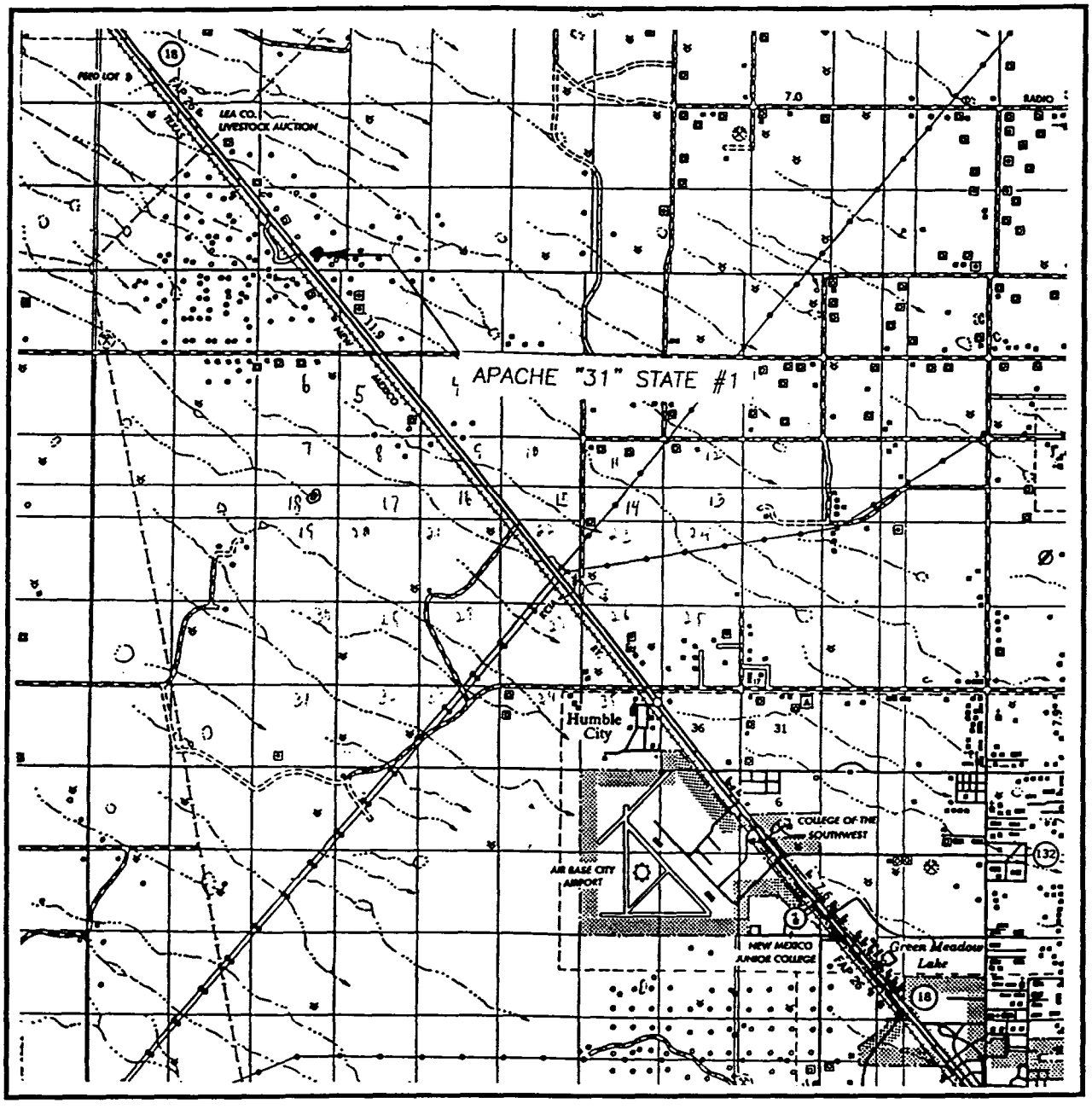
OPERATOR NEARBURG PRODUCING COMPANY

LEASE APACHE "31" STATE

U.S.G.S. TOPOGRAPHIC MAP
LOVINGTON SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 31 TWP. 16-S RGE. 37E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 210'FSL & 2310'FEL

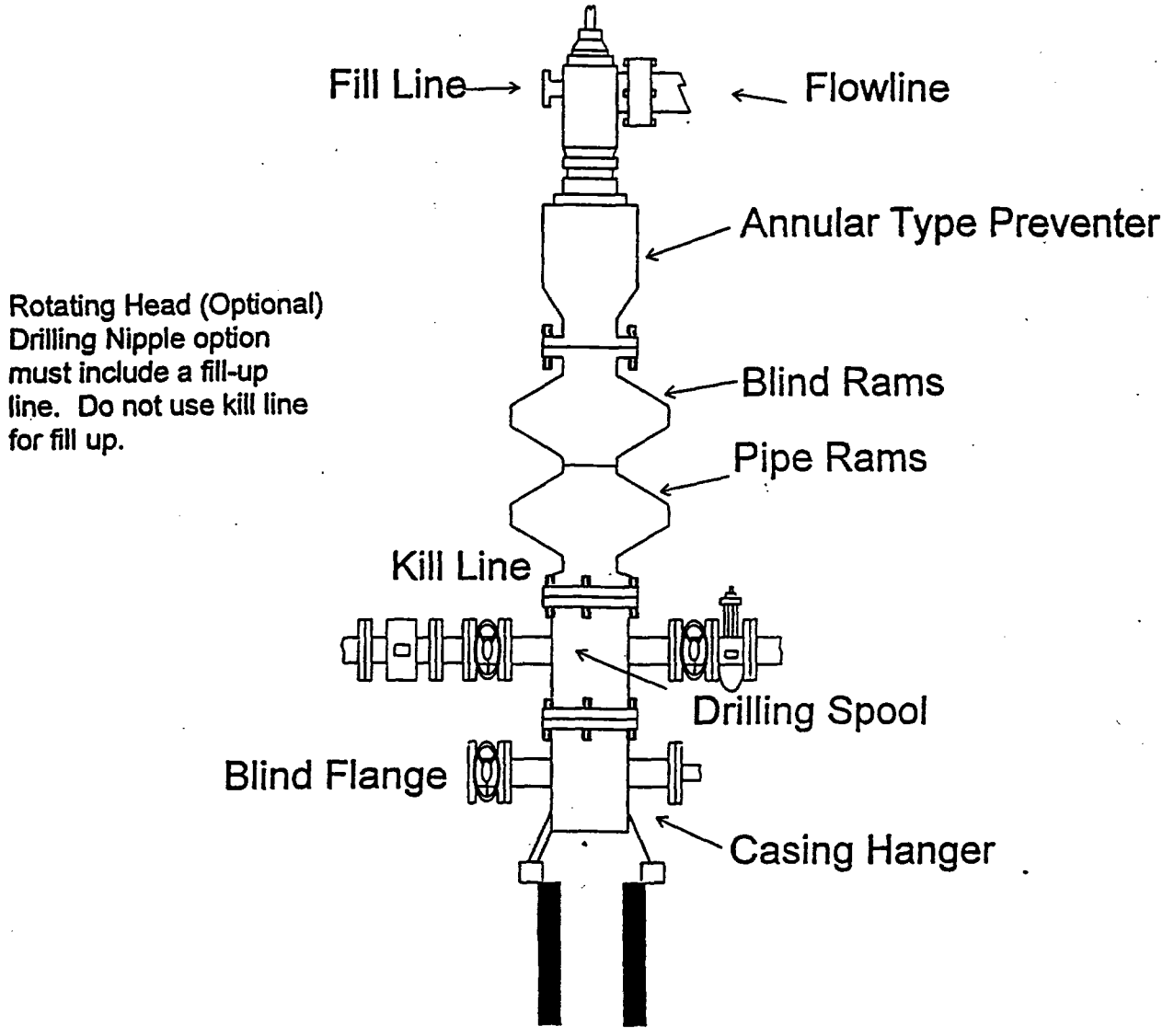
ELEVATION 3810

OPERATOR NEARBURG PRODUCING COMPANY

LEASE APACHE "31" STATE

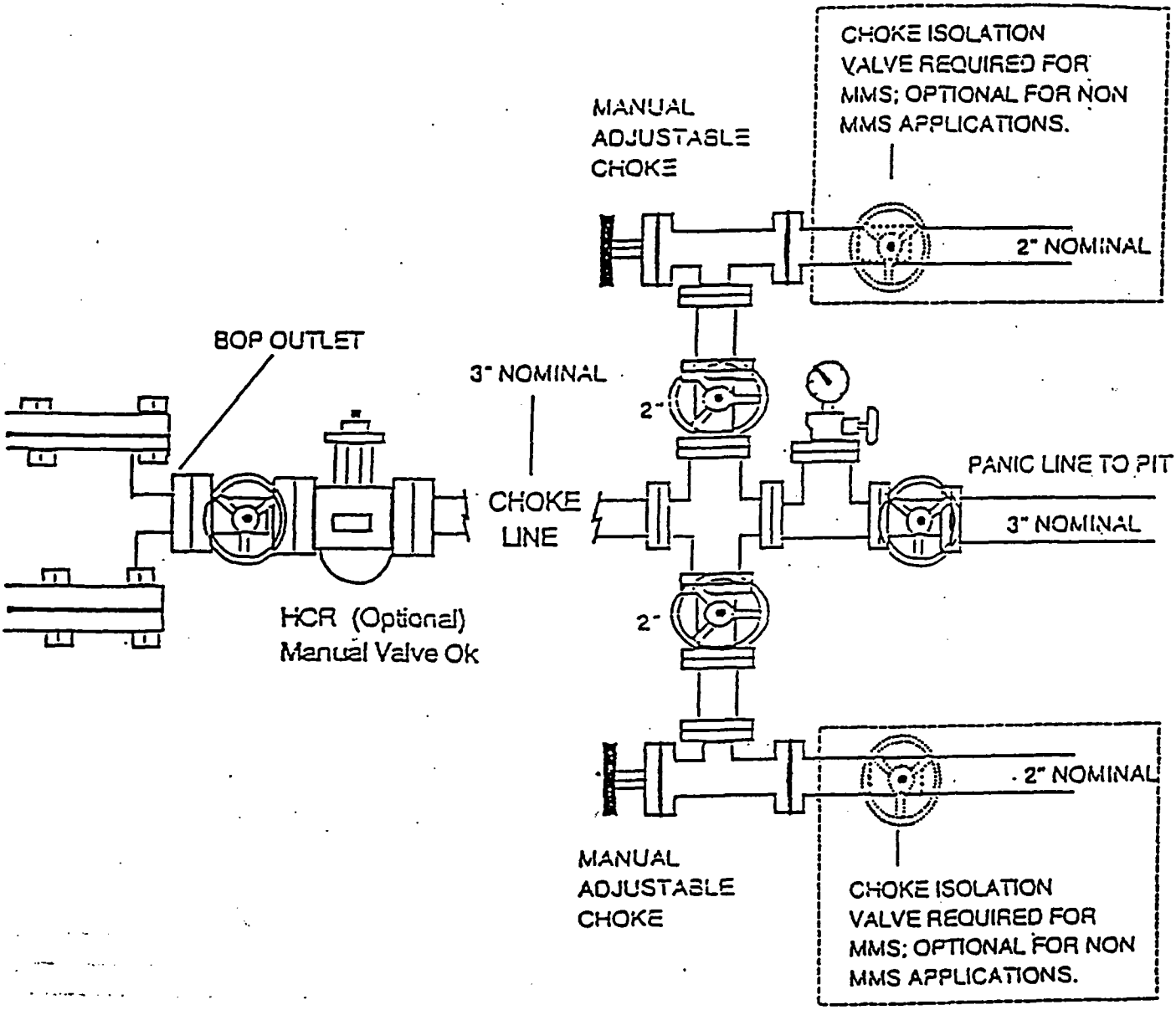
JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

NEARBURG PRODUCING COMPANY
BOPE SCHEMATIC



900 Series

NEARBURG PRODUCING COMPANY
CHOKE MANIFOLD
2M AND 3M SERVICE



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8696
Order No. R-8062

APPLICATION OF PENNZOIL COMPANY
FOR POOL CREATION, SPECIAL POOL
RULES, ASSIGNMENT OF DISCOVERY
ALLOWABLE, LEA COUNTY, NEW MEXICO

See Also Order No. R-8062-A

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on September 11, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 31st day of October, 1985, 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, Pennzoil Company, seeks the creation of a new oil pool for Strawn production in Lea County, New Mexico and the assignment of a discovery allowable to said pool.

(3) The applicant further seeks the establishment of temporary pool rules, including a provision for 80-acre well spacing and proration units for the proposed pool.

(4) The evidence presently available indicates that applicant's Viersen Well No. 1, located in Unit I, Section 4, Township 17 South, Range 37 East, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Shipp-Strawn Pool.

(5) The vertical limits of the proposed pool should be the Strawn formation as found on the porosity log of the

discovery well, the Vierson Well No. 1, from 11,138 feet to 11,255 feet.

(6) The horizontal limits for the proposed Shipp-Strawn Pool should be as follows:

LEA COUNTY, NEW MEXICO

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 33: SE/4 and E/2 SW/4
Section 34: S/2

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 3: All
Section 4: E/2 and E/2 W/2
Section 9: NE/4 and E/2 NW/4
Section 10: N/2

(7) The above described area is adequate to cover the potential expansion of the subject pool and is designed to avoid overlaps and conflicts with other Strawn Pools in the immediate vicinity.

(8) The rules for this pool should be limited to the area described in Finding (6) above and should not apply to wells drilled within a mile of the outer boundary of this pool.

(9) The evidence presented has established that the discovery well has permeability in the range of 43 millidarcies and calculations utilizing this data show the well has the possible capability to drain an area of 80 acres.

(10) The discovery well for the said pool, Viersen Well No. 1, located in Unit I of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico is entitled to and should receive a bonus discovery oil allowable in the amount of 55,690 barrels, based upon the top of the perforation in said well at 11,138 feet, to be assigned over a two-year period (77 barrels of oil per day).

(11) In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special pool rules and

regulations providing for 80-acre spacing units should be promulgated for the Shipp-Strawn Pool.

(12) The temporary special rules and regulations should provide for specified well locations in order to assure orderly development of the pool and protect correlative rights.

(13) The temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish conclusively whether the area can be efficiently and economically drained and developed by one well on 80-acre spacing on a permanent basis.

(14) This case should be reopened by the Division at an examiner hearing in November, 1986, at which time the operators in the subject pool should be prepared to appear and show cause why the Shipp-Strawn Pool should not be developed on other than 40-acre spacing units.

IT IS THEREFORE ORDERED THAT:

(1) A new pool in Lea County, New Mexico is hereby created and designated as the Shipp-Strawn Pool with vertical limits being the Strawn formation as found in the porosity log of the Vierson Well No. 1 from 11,138 feet to 11,255 feet and with horizontal limits described as follows:

LEA COUNTY, NEW MEXICO

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 33: SE/4 and E/2 SW/4
Section 34: S/2

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 3: All
Section 4: E/2 and E/2 W/2
Section 9: NE/4 and E/2 NW/4
Section 10: N/2

(2) The Pennzoil Company Viersen Well No. 1 located in Unit I, Section 4, Township 17 South, Range 37 East, Lea County, New Mexico, is hereby authorized an oil discovery allowable of 55,690 barrels to be assigned to said well at the rate of 77 barrels per day in accordance with Rule 509 of the Division Rules and Regulations.

(3) Temporary Special Rules and Regulations for the Shipp-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SHIPP-STRAWN POOL

RULE 1. Each well completed or recompleted in the Shipp-Strawn Pool or in the Strawn formation within said pool limits, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.

RULE 3. The Division Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard proration unit lies wholly within a single governmental quarter section.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section or in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no closer than 330 feet to the outer boundary of its spacing unit and not closer than 990 feet to any other well capable of producing from the Strawn formation.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall certify that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location of if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. An 80-acre proration unit (79 through 81 acres) in the Shipp-Strawn Pool shall be assigned an 80-acre depth bracket allowable of 445 barrels per day and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

RULE 7. The limiting gas-oil ratio for the pool shall be 2,000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED THAT:

(4) The locations of all wells presently drilling to or completed in the Shipp-Strawn Pool are hereby approved.

(5) Pursuant to Paragraph A. Section 70-2-18, NMSA, 1978, contained in Chapter 271, Laws of 1969, existing wells in the Shipp-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(6) Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Shipp-Strawn Pool shall receive no more than one-half of a standard allowable for the pool.

(7) This case shall be reopened by the Division at an examiner hearing in November, 1986, at which time the operators in the subject pool may appear and show cause why the Shipp-Strawn Pool should not be developed on other than 40-acre spacing units.

(8) 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

R. L. STAMETS,
Director

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8790
Order No. R-8062-A

APPLICATION OF THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO AMEND DIVISION ORDER NO. R-8062 AND TO CONTRACT THE HORIZONTAL LIMITS OF THE EAST LOVINGTON-PENNSYLVANIAN POOL, LEA COUNTY, NEW MEXICO.

See Also Order No. R-8062

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 18, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of January, 1986, 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) Division Order No. R-8062 issued on October 31, 1985, in Case No. 8696 classified, created and designated the Shipp-Strawn Pool, promulgated temporary special rules and regulations therefor, and assigned an oil discovery allowable to the Pennzoil Company Viersen Well No. 1, located 2130 feet from the South line and 660 feet from the East line (Unit I) of Section 4, Township 17 South, Range 37 East, NMPM, all in Lea County, New Mexico.

(3) In the present case, the New Mexico Oil Conservation Division (Division) on its own motion seeks the following amendments to Division Order No. R-8062:

(a) correction of the oil discovery allowable assigned to Pennzoil Company Viersen Well No. 1;

(b) amendment of the horizontal limits of the pool;

(c) revision of the well location provisions of the Special Pool Rules to require well locations to be no further than 150 feet from the center of a governmental quarter-quarter section or lot; and

(d) deletion of the limitation imposed on the pool restricting the applicability of the Special Pool Rules to the area within the pool boundaries.

(4) The Division further seeks to contract the horizontal limits of the East Lovington-Pennsylvanian Pool by the deletion therefrom of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) The evidence presented in this case indicated that:

(a) The NW/4 NW/4 of said Section 4 is more properly classified as being in the Shipp-Strawn Pool than the East Lovington-Pennsylvanian Pool:

(b) there is insufficient evidence at this time to include more than the N/2 and SE/4 of said Section 4 within the boundaries of said Shipp-Strawn Pool;

(c) the special rules for the Shipp-Strawn Pool should not be limited to that area only within the boundaries of said pool but should apply also within one mile thereof; and,

(d) rules requiring well locations within 150 feet of the center of the quarter-quarter section would better serve to protect the correlative rights of the owners within said pool.

(6) The evidence presented at this hearing also demonstrated that the discovery allowable assigned to the Pennzoil Company Viersen Well No. 1, located 2130 feet from the South line and 660 feet from the East line of said Section 4, was improperly calculated and should be reduced to 55,595 barrels of oil total.

(7) An order entered amending said discovery allowable, revising said pool boundaries as described above, and incorporating the above described changes in special pool rules

will better protect correlative rights and will not result in waste.

(8) The effective date of this order should be January 21, 1986.

IT IS THEREFORE ORDERED THAT:

(1) The East Lovington-Pennsylvanian Pool as heretofore defined and described is hereby contracted by the deletion therefrom of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The horizontal limits of the Shipp-Strawn Pool, as heretofore defined and described in Lea County, New Mexico, are hereby amended to include therein the following described area only:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 4: N/2 and SE/4

(3) The temporary Special Rules and Regulations for the Shipp-Strawn Pool are hereby amended to read in their entirety as follows:

"SPECIAL RULES AND REGULATIONS
FOR THE
SHIPP-STRAWN POOL

RULE 1. Each well completed or recompleted in the Shipp-Strawn Pool or in the Strawn formation within one mile of the Shipp-Strawn Pool, and not nearer to or within the limits of another designated Strawn pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Shipp-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be

notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Shipp-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. Top unit allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres."

IT IS FURTHER ORDERED THAT:

(4) The location of any well permitted, in drilling to, or completed in the Strawn formation within the boundaries of the Shipp-Strawn Pool prior to January 21, 1986, which location was orthodox under pool rules existing prior to that time and which location is now unorthodox, is hereby approved.

(5) The locations of any other wells presently permitted in, drilling to, or completed in the currently defined Shipp-Strawn Pool or in the Strawn formation within one mile

thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District office of the Division in writing of the name and location of the well on or before April 1, 1986.

(6) The amount of the discovery allowable assigned to the Pennzoil Company Viersen Well No. 1 located 2130 feet from the South line and 660 feet from the East line of Section 4, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, as set out in Division Order No. R-8062 is hereby amended to a total of 55,595 barrels of oil to be produced at a rate not to exceed 76 barrels per day in accordance with Division General Rule 509.

(7) The effective date of this order and of the pool and pool rule changes included herein shall be January 21, 1986.

(8) Pursuant to Paragraph A. of Section 70-2-18, NMSA (1978), existing wells in the Shipp-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Shipp-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(9) This case shall be reopened at an examiner hearing in November, 1986, at which time the operators in the subject pool may appear and show cause why the Shipp-Strawn Pool should not be developed on 40-acre proration units.

(10) 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

R. L. STAMETS
Director

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

IN THE MATTER OF CASE NOS. 8696 AND 8790 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NOS. R-8062 AND R-8062-A, RESPECTIVELY, WHICH PROMULGATED AND AMENDED TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE SHIPP-STRAWN POOL, LEA COUNTY, NEW MEXICO.

CASE NOS. 8696 and 8790
Order No. R-8062-B

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 19, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of December, 1986, 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) Division Case Nos. 8696 and 8790 were consolidated at the time of the hearing for the purpose of testimony.

(3) By Order No. R-8062 dated October 31, 1985, and issued in Case No. 8696, the Division created, defined, and promulgated temporary special rules and regulations for the Shipp-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

(4) Subsequent to the issuance of said order, the Division, on its own motion, called Case No. 8790 and issued Order No. R-8062-A which amended certain portions of the special rules and regulations promulgated by Order No. R-8062, including well location requirements, horizontal limits, and the area to be governed by said rules.

(5) Pursuant to the provisions of Order Nos. R-8062 and R-8062-A, both cases were reopened to allow the operators in the subject pool to appear and show cause why the Shipp-Strawn Pool should not be developed on 40-acre spacing and proration units.

(6) Inasmuch as the subject matter in both cases is the same, that being the consideration of adopting permanent special rules and regulations for the Shipp-Strawn Pool, one order should be issued for both cases.

(7) The evidence presented at the hearing establishes that one well in the Shipp-Strawn Pool can efficiently and economically drain and develop 80 acres.

(8) The special rules and regulations promulgated by Order No. R-8062 as amended by Order No. R-8062-A have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(9) In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the special rules and regulations promulgated by Order No. R-8062 as amended by Order No. R-8062-A should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The special rules and regulations governing the Shipp-Strawn Pool, Lea County, New Mexico, promulgated by Order No. R-8062 as amended by Order No. R-8062-A, are hereby continued in full force and effect until further order of the Division.

(2) 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

R. L. STAMETS
Director

S E A L
fd/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4172
Order No. R-3816
NOMENCLATURE

APPLICATION OF PENNZOIL UNITED, INC.,
FOR SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 6, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of August, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil United, Inc., seeks the promulgation of special rules and regulations for the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units.

(3) That the reservoir information presently available indicates that the horizontal limits of the East Lovington-Pennsylvanian Pool, as presently designated, encompass more than one separate common source of supply.

(4) That the horizontal limits of the East Lovington-Pennsylvanian Pool should, in order to prevent waste and protect

correlative rights, be contracted by deleting the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16:	SW/4
Section 17:	SE/4
Section 18:	SE/4
Section 19:	All
Section 20:	NE/4 and S/2
Section 21:	NW/4
Section 29:	All
Section 31:	N/2 N/2, SW/4 NW/4, SW/4, and W/2 SE/4
Section 32:	N/2 and N/2 S/2
Section 33:	N/2 SW/4 and SE/4 SW/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 4:	NE/4, E/2 NW/4, and SW/4 NW/4
Section 5:	S/2 N/2

(5) That in order to prevent waste and protect correlative rights, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production should be created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 24:	SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16:	SW/4
Section 17:	SE/4
Section 18:	SE/4
Section 19:	All
Section 20:	NE/4 and S/2
Section 21:	NW/4

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations

providing for 80-acre spacing units should be promulgated for the Northeast Lovington-Pennsylvanian Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in August, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That, effective September 1, 1969, the horizontal limits of the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16:	SW/4
Section 17:	SE/4
Section 18:	SE/4
Section 19:	All
Section 20:	NE/4 and S/2
Section 21:	NW/4
Section 29:	All
Section 31:	N/2 N/2, SW/4 NW/4, SW/4, and W/2 SE/4
Section 32:	N/2 and N/2 S/2
Section 33:	N/2 SW/4 and SE/4 SW/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 4:	NE/4, E/2 NW/4, and SW/4 NW/4
Section 5:	S/2 N/2

(2) That, effective September 1, 1969, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian

production, is hereby created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 24: SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 16: SW/4
Section 17: SE/4
Section 18: SE/4
Section 19: All
Section 20: NE/4 and S/2
Section 21: NW/4

(3) That effective September 1, 1969, temporary Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTHEAST LOVINGTON-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing with an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be

notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before September 1, 1969.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Northeast Lovington-Pennsylvanian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in August, 1970, at which time the operators in the subject pool may appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

A. L. PORTER, Jr., Member & Secretary

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4172
Order No. R-3816-A

APPLICATION OF PENNZOIL UNITED, INC.,
FOR SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on August 19, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of August, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-3816, dated August 14, 1969, temporary Special Rules and Regulations were promulgated for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, establishing 80-acre spacing units for a period of one year.

(3) That pursuant to the provisions of Order No. R-3816, this case was reopened to allow the operators in the subject pool to appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the Northeast Lovington-Pennsylvanian Pool can efficiently and economically drain and develop 80 acres.

(5) That the Special Rules and Regulations promulgated by Order No. R-3816 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-3816 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-3816, are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

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