

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. 9403
Order No. R-8686

APPLICATION OF NEARBURG PRODUCING
COMPANY FOR 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 June 8, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of July, 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 oil well location 400 feet from the South and East lines (Unit P) of Section 24, Township 16 South, Range 36 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

(3) The above described location is within the Northeast Lovington-Pennsylvanian Pool which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-3816 dated August 14, 1969, which require 80-acre spacing and proration units with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

(4) The applicant proposes to dedicate a standard 80-acre oil proration unit consisting of the S/2 SE/4 of said Section 24 to the above described well.

(5) The applicant presented geological evidence and testimony which indicates that a well at the proposed unorthodox location would penetrate the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(6) The evidence further indicates that all affected offset acreage is currently controlled by the applicant.

(7) Approval of the subject application 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.

IT IS THEREFORE ORDERED THAT:

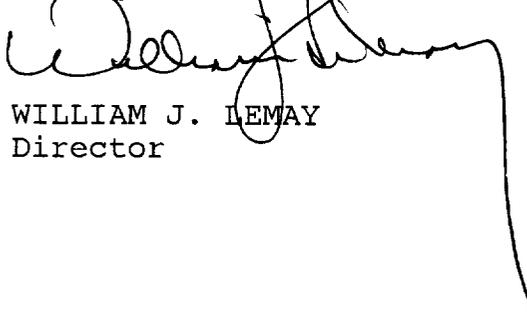
(1) The applicant, Nearburg Producing Company, is hereby authorized to drill an oil well at an unorthodox location 400 feet from the South and East lines (Unit P) of Section 24, Township 16 South, Range 36 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

(2) The S/2 SE/4 of said Section 24 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.

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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