

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. 11377
ORDER NO. R-10484

APPLICATION OF NEARBURG EXPLORATION 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 September 7, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of October, 1995 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 Exploration Company ("Nearburg"), seeks approval to drill its Trigg "29" Federal Com Well No. 1 at an unorthodox gas well location 1400 feet from the South line and 750 feet from the East line (Unit I) of Section 29, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the S/2 of said Section 29.
- (3) Nearburg has the right to drill and test any and all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation that are developed on 320-acre spacing within said vertical extent in the S/2 of said Section 29, which presently includes but is not necessarily limited to the Undesignated Red Lake-Pennsylvanian Gas Pool and the Undesignated West Logan Draw-Morrow Gas Pool.
- (4) Both aforementioned pools and the Wolfcamp formation are currently subject to the Division's Statewide Rule 104, which requires standard 320-acre gas

spacing and proration units with wells to be located no closer than 1980 feet from the end boundaries nor closer than 660 feet from the side boundaries nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(5) Nearburg presented land and geologic evidence which demonstrates that:

(a) the well is primarily intended as an attempt to penetrate a Morrow channel which is oriented north-south and which has its greatest thickness and structural advantage at a standard location in the SE/4 of this proposed spacing unit;

(b) there is no geologically acceptable standard location in the SW/4 of this spacing unit;

(c) within the SE/4 of this spacing unit, the United States Bureau of Land Management ("BLM"), as the surface management agency of said Section 29, has limited the use of the surface such that the well cannot be located more than 750 feet from the east side of the spacing unit:

(6) No offset operator or interest owner appeared at the hearing in opposition to the proposed unorthodox location.

(7) Approval of this application is in the best interest of conservation, will serve to protect correlative rights of offsetting interest owners and will afford the applicant the opportunity to produce its just and equitable share of the gas in subject formations and will otherwise prevent waste and protect correlative rights.

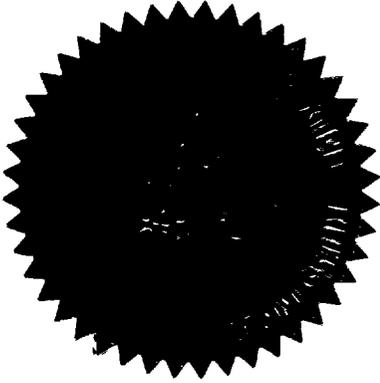
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nearburg Exploration Company or its designated operator, is hereby authorized to drill its Trigg "29" Federal Com Well No. 1 at an unorthodox gas well location 1400 feet from the South line and 750 feet from the East line (Unit I) of Section 29, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

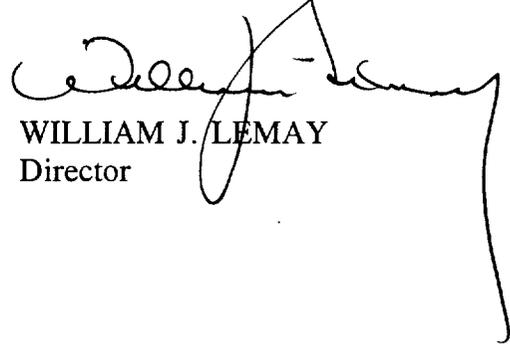
(2) Applicant is further authorized to dedicate a standard 320-acre gas spacing and proration unit consisting of the S/2 of said Section 29 to the subject well for any gas production from the top of the Wolfcamp to the base of the Morrow formation.

(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