

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. 10028
ORDER NO. R-9258

APPLICATION OF BRIDGE OIL (USA),
INC. 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 August 8, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of August, 1990, 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, Bridge Oil (USA) Inc. operating for Bridge Oil Company, L.P., seeks approval of an unorthodox oil well location 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, to test the Undesignated Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.
- (3) The N/2 NE/4 of said Section 12 is to be dedicated to the well forming an 80-acre oil spacing and proration unit for said pool.

Case No. 10028
Order No. R-9258
Page No. 2

(4) The proposed spacing unit directly offsets the Northeast Lovington-Pennsylvanian Pool to the north and east and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-3816, as amended, which require 80-acre spacing units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(5) The applicant presented geological evidence and testimony which indicates that a well drilled at the proposed location should penetrate a small algal reef mound within the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) No offset operator or interested party appeared or objected to the proposed unorthodox oil well location.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected 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:

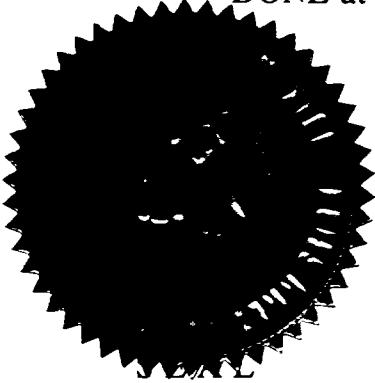
(1) The application of Bridge Oil (USA), Inc. operating for Bridge Oil Company, L.P., for an unorthodox oil well location for the Undesignated Northeast Lovington-Pennsylvanian Pool is hereby approved for a well to be located at a point 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) The N/2 NE/4 of said Section 12 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool.

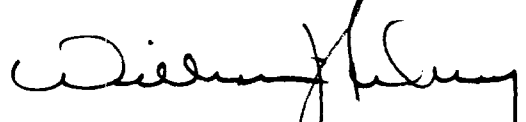
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10028
Order No. R-9258
Page No. 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