



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. 9724  
Order No. R-8991

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 August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of August, 1989, 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 for its proposed Boy's Ranch Well No. 1 to be drilled 1100 feet from the North line and 880 feet from the East line (Unit A) of Section 13, Township 17 South, Range 37 East, NMPM, South Humble City-Strawn Pool, Lea County, New Mexico, the E/2 NE/4 of said Section 13 to be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit for said pool.

CASE NO. 9724  
Order No. R-8991  
Page -2-

(3) The subject well is located within the South Humble City-Strawn Pool which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-6913, which require 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(4) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed location should penetrate the Strawn formation at a more structurally advantageous position and in an area of greater porosity development than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(5) The evidence further indicates that the affected offset acreage, being the W/2 NE/4 of said Section 13, is owned by the same interest owners who are participating, either actively or by virtue of farmout agreements, in the subject well.

(6) No other offset operator or interest owner appeared and objected to the proposed unorthodox 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 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:

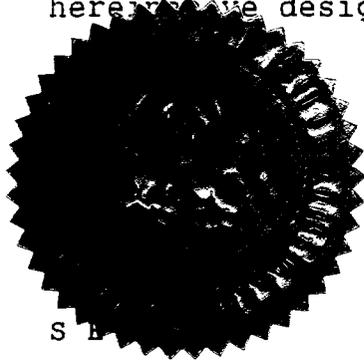
(1) The applicant, Nearburg Producing Company, is hereby authorized to drill its Boy's Ranch Well No. 1 at an unorthodox oil well location 1100 feet from the North line and 880 feet from the East line (Unit A) of Section 13, Township 17 South, Range 37 East, NMPM, South Humble City-Strawn Pool, Lea County, New Mexico.

(2) The E/2 NE/4 of said Section 13 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool.

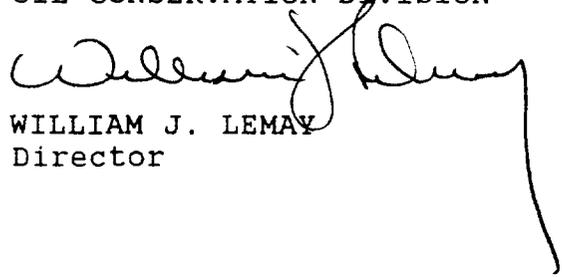
CASE NO. 9724  
Order No. R-8991  
Page -3-

(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 herein above designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director