

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. 9668
ORDER NO. R-8936

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 May 10, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of May, 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 990 feet from the North line and 1500 feet from the West line (Unit C) of Section 12, Township 17 South, Range 37 East, NMPM, to test the Undesignated Shipp-Strawn Pool, Lea County, New Mexico.

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

(4) The proposed spacing unit directly offsets the Shipp-Strawn Pool to the North and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8062-A which require 80-acre spacing units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

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(5) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed location should penetrate a reefal mound or patch reef 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) Further evidence presented by the applicant indicates that the entire N/2 of said Section 12 is a single fee lease with common ownership throughout.

(7) No offset operator objected to the proposed unorthodox location.

(8) 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:

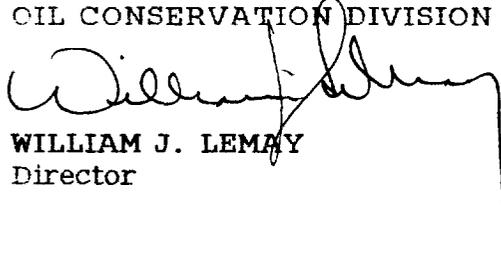
(1) The application of Nearburg Producing Company for an unorthodox oil well location for the Undesignated Shipp-Strawn Pool is hereby approved for a well to be drilled 990 feet from the North line and 1500 feet from the West line (Unit C) of Section 12, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The N/2 NW/4 of said Section 12 shall be dedicated to the above-described well forming a standard 80-acre 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.

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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