

DATE 12/22/00	SUPERVISOR 1/11/01	ENGINEER MS	LOGGED	TYPE NSL
---------------	--------------------	-------------	--------	----------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

36341488

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☒ DD ☐ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

WILLIAM F. CABE
Print or Type Name

William F. Cabe
Signature

ATTORNEY
Title

12/18/00
Date

Sep Newbury 2 on Division

Newbury

00 DEC 22 PM 11:56

OIL CONSERVATION DIV.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
ROBERT J. SUTPHIN, JR.

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

December 21, 2000

VIA HAND-DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: ***Application of Nearburg Exploration Company, L.L.C. for Administrative Approval of Directional Drilling and an Unorthodox Bottomhole Well Location in the Strawn formation for its Weststar "13" Well No. 1 at a point 510 feet from the North line and 2250 feet from the East Line of Section 13, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.***

Dear Ms. Wrotenbery;

Pursuant to the provisions of Division Rule 104 F adopted on August 12, 1999, Nearburg Exploration Company, L.L.C. hereby seeks administrative approval of directional drilling and an unorthodox bottomhole well location for its Weststar "13" State Well No. 1. To avoid a circular irrigation system, Nearburg proposes to directionally drill this well from a surface location 330 feet from the North line and 2350 feet from the East line to an unorthodox bottomhole location in the Strawn Formation at a point 510 feet from North line and 2250 feet from the East line (Unit B) of Section 13, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. A standard 80-acre spacing and proration unit comprised of the W/2 NE/4 of Section 13 will be dedicated to the well in the Strawn formation, South Humble City-Strawn Pool.

The well will be drilled to a depth sufficient to test the Strawn formation. This location is unorthodox because it is governed by the Special Rules and Regulations for the South Humble-City Strawn Pool which provide for wells to be drilled on 80-spacing units and to be located within 150

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
December 21, 2000
Page 2

feet of the center of a governmental quarter-quarter section. The subject bottomhole location encroaches on offsetting tracts to the North, West and Northwest.

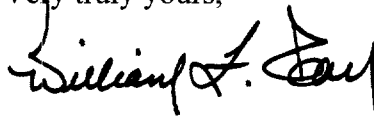
This unorthodox bottomhole location is required by geological conditions. The well is targeted to intersect the top of a small algal mound in the Strawn formation which covers less than 40 acres. Exhibit A to this application is a Strawn Algal Mound Gross Isopach Map which shows that this unorthodox location is necessary to effectively produce these reserves. This location is outside the orthodox location window established by the Special Rules and Regulations for this pool.

Attached hereto as Exhibit B is a plat, as required by Rule 104.F (3), showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

Exhibit C lists parties affected by this application. A copy of this application, including a copy of the plat described above has been sent to the affected parties by certified mail-return receipt requested in accordance with Rule 1207 (A)(5) advising them that if they have an objection to this application it must be filed in writing within twenty days from the date this notice was sent.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

William F. Carr
Attorney for Nearburg Exploration Company, L.L.C.

Enclosures

cc: Mr. Bob Shelton
Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Attention: Bob Shelton

Administrative Order NSL-_____

Dear Mr. Shelton:

Reference is made to your application dated December 15, 2000 for an unorthodox bottomhole well location in the Strawn and Devonian formations for your Weststar "13" Well No.1. Said well will be drilled to a bottom hole location in the Strawn and Devonian formations 510 feet from the North line and 2250 feet from the East line (Unit B) of Section 13, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

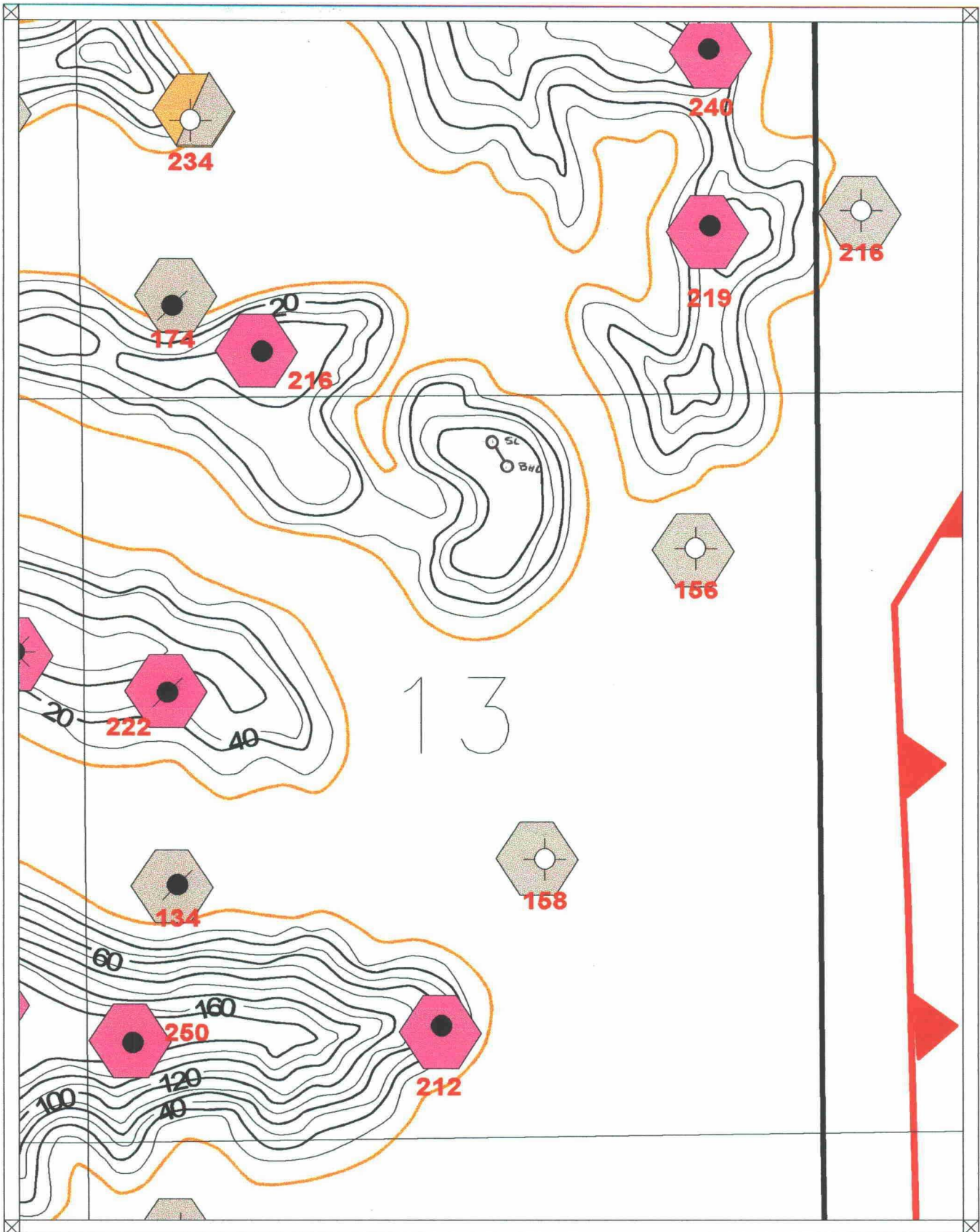
An 80-acre spacing and proration unit in the Strawn formation comprising the W/2 NE/4 of said Section 13 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

cc: Oil Conservation Division - Hobbs/Artesia
U. S. Bureau of Land Management - Carlsbad



Scale 1:12000.

200. 0. 200.400.600.800.1000. feet



Nearburg Producing Company
Exploration and Production
Midland, Texas

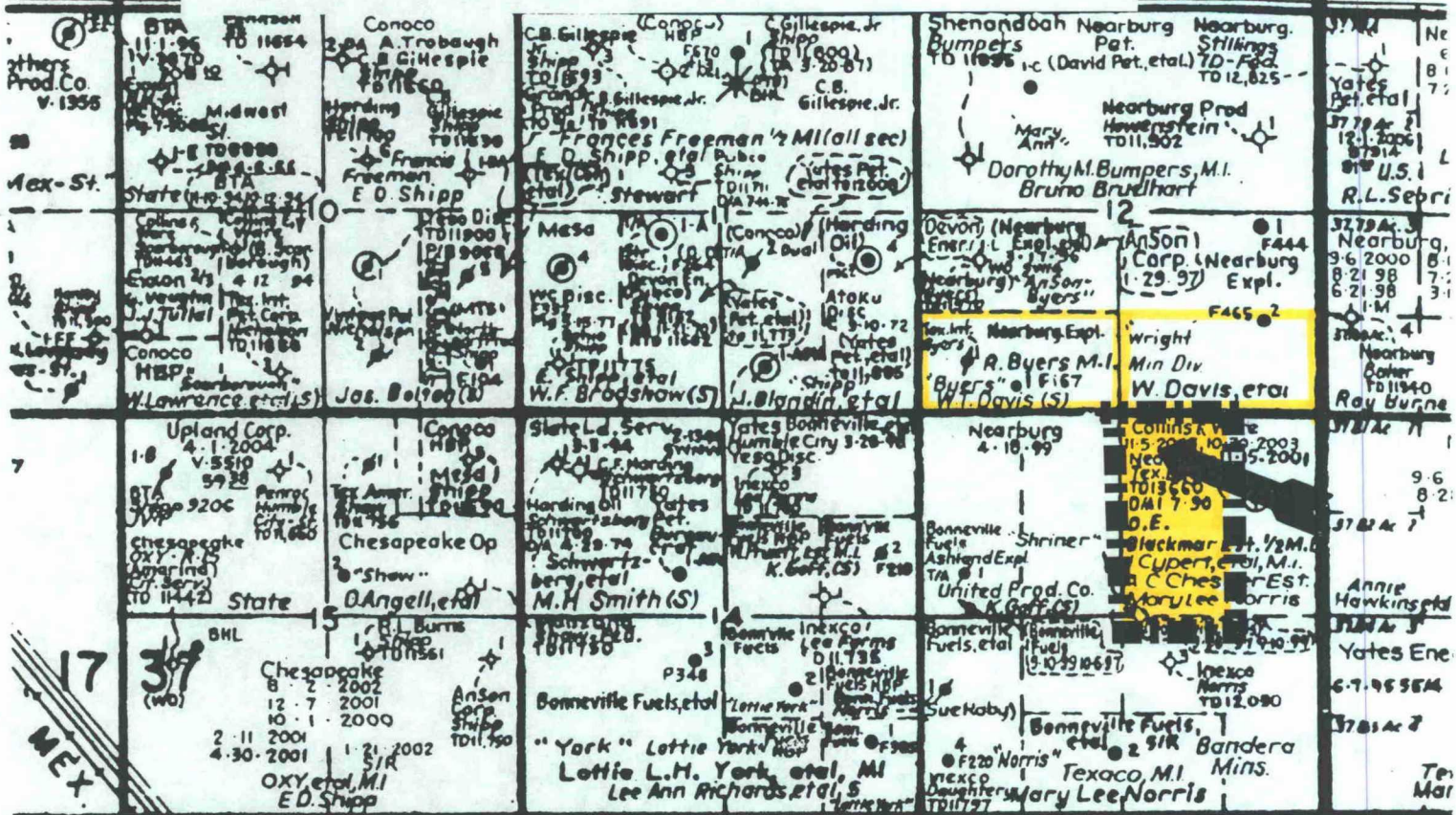
CAJA AREA
LEA COUNTY, NEW MEXICO

STRAWN ALGAL MOUND
GROSS ISOPACH MAP

C.I. = 20'

GEOLOGIST	DATE	DRAWN BY	FILE NO.
J. B. ELGER	10/2000	PLD/LCG	ISOTRAM.GPF

WESTSTAR "13" #1 WELL



SURFACE LOC. 330' FNL & 2350' FEL

BOTTOM HOLE LOC. 510' FNL & 2250' FEL

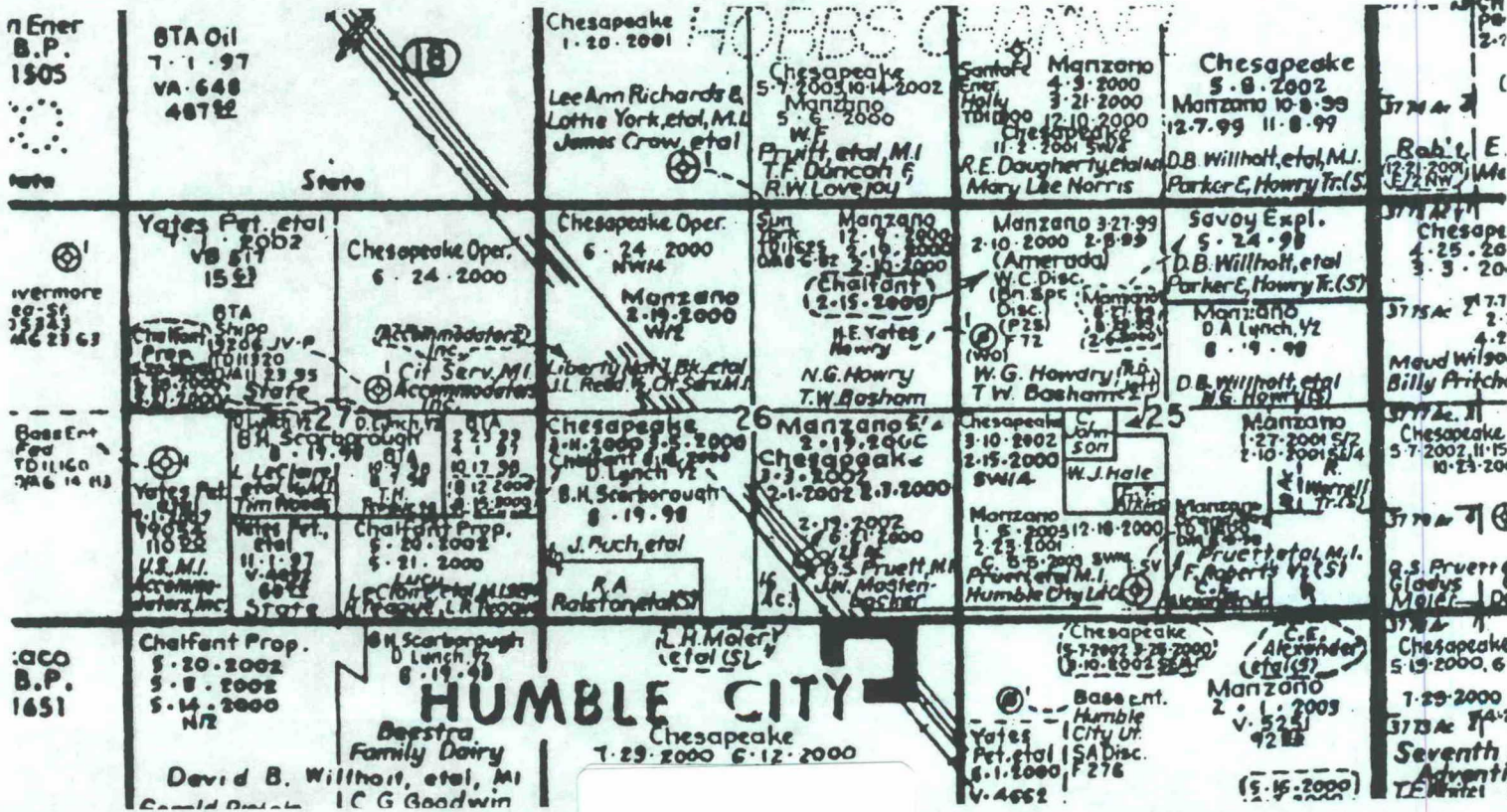


EXHIBIT C

AFFECTED PARTIES

Application of Nearburg Exploration Company, L.L.C. for
administrative approval of directional drilling and an unorthodox bottomhole location
Weststar "13" Well No. 1
510 feet from the North line and 2250 feet from the East line
Section 13, Township 17 South, Range 37 East, NMPM
Lea County, New Mexico.

Winda Thorgersen Agate Estate
Bradley E. Parrish, Executor
2801 179th N.E.
Redmond, Washington 98052

B & L Oil Company, Inc.
2341 Bobwhite Drive
Odessa, Texas 79761

Anemone Stiles Baker
3304 60th Street
Lubbock, Texas 79413

Roy G. Barton, Trustee
Roy G. & Opal Barton Trust
1919 North Turner Street
Hobbs, New Mexico 88240-2712

John Nickson Beers & Marcelyn Beers
20579 Missionary Ridge
Walnut, California 91789

Sara Jane Bergstrom
3320 Alderwood
Bellingham, Washington 98225

Bonnie A. Bernat
6412 South Knox
Chicago, Illinois 60629

BHCH Mineral, Ltd.
5111 Broadway
San Antonio, Texas 78209

Wayne A. Bissett
Post Office Box 2101
Midland, Texas 79702

Donald E. Blackmar
Testamentary Trust
Post Office Box 608
Roswell, New Mexico 88202

Branex Resources, Inc.
Post Office Box 2328
Roswell, New Mexico 88202

Alice Katherine Brewer
310 Van Rowe
Duncanville, Texas 75116

Amy Carol Brewer
310 Van Rowe
Duncanville, Texas 75067

Betty Ann Brewer
311 West Wheeler
Breckenridge, Texas 76424

Norman M. Brewer
922 Boxwood Drive
Lewisville, Texas 75067

Dan E. Bruhl
1201 Summit Avenue
Fort Worth, Texas 76102

BWAB, L.L.C.
5111 Broadway
San Antonio, Texas 78209

Ronald J. Byers
2902 Stratford Drive
Austin, Texas 78746-4629

Charles L. Carr & Vera Denney,
as Joint Tenants with Full
Right of Survivorship
Rural Route 1, Box 87-1
Birmingham, Iowa 52535-9789

Childress Royalty Company
Post Office Box 66
Joplin, Missouri 64802

Ruby Gibson Corley, Individual &
Sole Heir of Felix Vernon Corley, Dec.
2511 Willowick, Apt. #335
Houston, Texas 77027

David Petroleum Corporation
116 West First Street
Roswell, New Mexico 88201

Billie S. Devoss
15311 East La Salos Drive
Whittier, California 90603

Charlene Miller Drennon
5407 Vinrose Court
Citrus Heights, California 95610

El Sol Oil Company
a Partnership
Post Office Box 34287
Las Vegas, Nevada 89133

Ross L. Elliott, Jr. &
Maurelda Elliott
819A Lloyd Lane
Elgin, Texas 78621

Richard R. Finlay
4400 Williamsburg Road
Dallas, Texas 75220-2059

Albert G. Fosmoe, Trust Member
NBD Bank, Trustee
Post Office Box 99084
Fort Worth, Texas 76199-0084

Franklin Energy, L.L.C.
5111 Broadway
San Antonio, Texas 78209

Gallagher Headquarters
Ranch Development, Ltd.
5111 Broadway
San Antonio, Texas 78209

Glenarm Royalty, L.L.C.
475 17th Street, Suite 1600
Denver, Colorado 80290

Twila M. Goodding, Trustee of the
Joseph E. & Twila M. Goodding Living Trust
1009 Crestview Circle
Farmington, New Mexico 87401

Martha E. Hanna
201 North Harding
Breckenridge, Texas 76024

Robert H. Hannifin
Post Office Box 218
Midland, Texas 79702

Ann Alycin Hayes
Post Office Box 89
Archer, Florida 32618-0089

Bruce H. C. Hill
5111 Broadway
San Antonio, Texas 78209

Christopher C. Hill
5111 Broadway
San Antonio, Texas 78209

Jerald Rey Jenkins aka
Jerrold Jenkins
1903 Pipeline Road
Euless, Texas 76040

Barbara J. Devoss Junker
2929 East 6th Street, Apt. 140
Tucson, Arizona 85716

Diane Lacey
4809 Courtside Drive
Fort Worth, Texas 76133-7006

Linda G. Ledbetter &
Harry L. Ledbetter
1451 Rockhill Court
Fort Worth, Texas 76112

Lucinda Loveless
Post Office Box 8
Hondo, New Mexico 88336-0008

Nadine Prideaux Loveless
Post Office Box 566
Roswell, New Mexico 88202-0556

Jerry H. Mahoney
Post Office Box 270273
Corpus Christi, Texas 78427

Louis J. Mazzulo
Post Office Box 66657
Albuquerque, New Mexico 87193-6657

Charlotte McFarland
1909 Country Club Road
Fort Collins, Colorado 80524-1909

Michael McMillan
McMillan Production Company
118 West First Street
Roswell, New Mexico 88203

Joe M. L. Melton
Post Office Box 4203
Midland, Texas 79704

The Methodist Home
c/o Nationsbank of Texas, N.A. Agent
Post Office Box 940738
Dallas, Texas 75284-0738

Charlotte Hazel Miller
108 Bing Crosby
Rancho Mirage, California 92270-3025

Mary Louise Waldron Mooring
3809 South Drive
Fort Worth, Texas 76109

Mark Nearburg
Nearburg Exploration Company
Post Office Box 823085
Dallas, Texas 75382-3085

Edsel B. Neff, Jr.
403 Tierra Berenda
Roswell, New Mexico 88201

Joseph Richard Nickson &
Mary L. Nickson
205 West 19th Street
New York, New York 10011

Martha Nickson
Post Office Box 10352
Midland, Texas 79702

Nueces Royalty Partners II, Ltd.
5111 Broadway
San Antonio, Texas 78209

Virginia Pelletier
#3 The Landmark
Northfield, Illinois 60093

Thomas W. Pettit
151 West Trinity Road
Glenn Ellen, California 95442

Carol Pitts
4903 Oakwood Court
Midland, Texas 79707

Walter & Hallie Posey Trust
c/o Norwest Bank Texas, N.A. Trustee
Trust Division
Post Office Box 5383
Denver, Colorado 80217

Rebel Oil Company
Post Office Box 788
Hobbs, New Mexico 88241-0788

Red Wolf Partners
5111 Broadway
San Antonio, Texas 78209

Carolyn L. Schlicher
Post Office Box 606
Roswell, New Mexico 88202-0606

Fred J. Schlicher
Post Office Box 586
Medford, Massachusetts 02155

Sendero Ranch II Development, Ltd.
5111 Broadway
San Antonio, Texas 78209

Charles F. Shenoha
2811 West Seipp
Chicago, Illinois 60652

David R. Shipler
Rural Route 1
Batavia, Iowa 52533

Harold P. Shipler
Post Office Box D
Batavia, Iowa 52533

John D. Shipler
8861 Bellshire Drive
Huntington Beach, California 92646-4656

Shriner's Hospital for Crippled Children
Post Office Box 0050
Tampa, Florida 33655

Robert Thomas Sweatman
7905 Vollburn Drive
Austin, Texas 78731

Janice A. Vice
221 Oak View Drive
Cross Timbers Estate
Lewisville, Texas 75067

Pamela Rhea Miller Vickers
108 Bing Crosby
Rancho Mirage, California 92270-3025

A. B. Waldron
1501 Summit
Fort Worth, Texas 76102

Robert E. Wallinder
5749 Clinton
Minneapolis, Minnesota 55419

Leo Wassell
1453 76th Street
North Bergen, New Jersey 07047

Wells Fargo Bank, Trustee of
The Allie M. Lee Trust
Post Office Box 1977
Roswell, New Mexico 88202

Mary F. Whitman &
R. William Whitman
4325 Ridglea Country Club
Fort Worth, Texas 76126

Katheryn Mae Waldron Wilson
12215 Old Oaks
Houston, Texas 77024

Wilbur D. & Afton H. Wilson
Revocable Trust G/A/D 13.13.84
1013 East 5400 South
South Ogden, Utah 84405

James Hoyt Woods, Jr.
7932 East Inverness Avenue
Mesa, Arizona 85208

December 21, 2000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED INTEREST OWNERS:

Re: *Application of Nearburg Exploration Company, for administrative approval of directional drilling and an unorthodox bottomhole well location in the Strawn formation for its Weststar "13" Well No. 1, at a point 510 feet from the North line and 2250 feet from the East line of Section 13, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.*

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Nearburg Exploration Company, L.L.C. for administrative approval of directional drilling and an unorthodox bottomhole well location for its Weststar "13" Well No. 1, at a point 510 feet from the north line and 2250 feet from the East line of Section 13, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,

William F. Carr

enc.

cc: Bob Shelton
Nearburg Exploration Company, L.L.C.

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION01/03/01 14:14:08
OGOMES -TQLX
PAGE NO: 1

Sec : 13 Twp : 17S Rng : 37E Section Type : NORMAL

D 40.00	C 40.00	B 40.00	A 40.00
Fee owned	Fee owned	Fee owned	Fee owned
A	C		
E 40.00	F 40.00	G 40.00	H 40.00
Fee owned	Fee owned	Fee owned	Fee owned
	C		

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION01/03/01 14:14:12
OGOMES -TQLX
PAGE NO: 2

Sec : 13 Twp : 17S Rng : 37E Section Type : NORMAL

L 40.00 Fee owned	K 40.00 Fee owned	J 40.00 Fee owned	I 40.00 Fee owned
M 40.00 Fee owned	N 40.00 Fee owned	O 40.00 Fee owned	P 40.00 Fee owned
A	A		

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

RED BLUFF-BONE SPRING POOL
Eddy County, New Mexico

Order No. R-6876, January 1, 1982, Establishing Pool.

T-25-S, R-28-E NE/4 Sec. 27.

WILLOW LAKE-BONE SPRING POOL
Eddy County, New Mexico

Order No. R-6876, January 1, 1982, Establishing Pool, as Amended by Order No. R-7048, September 1, 1982; Order No. R-7322, August 1, 1983; Order No. R-9241, August 1, 1990.

T-24-S, R-28-E N/2 N/2 Sec. 32; N/2 NW/4, NE/4 Sec. 33; N/2 Sec. 34; Secs. 35, 36.

EAST MONUMENT-PADDOCK POOL
Lea County, New Mexico

Order No. R-6890, February 1, 1982, Establishing Pool.

T-19-S, R-37-E SE/4 Sec. 36.

RHODES YATES-SEVEN RIVERS GAS POOL
Lea County, New Mexico

Order No. R-6891, January 1, 1982, Establishing Pool, as Amended by Order No. R-7372, November 1, 1983; Order No. R-7554, July 1, 1984; Order No. R-7858, April 1, 1985; Order No. R-9585, October 1, 1991; Order No. R-9615, December 1, 1991; Order No. R-9646, April 1, 1992; Order No. R-9723, October 1, 1992; Order No. R-11116, January 1, 1999.

T-26-S, R-37-E Sec. 4; W/2 Sec. 5; E/2 Sec. 6; N/2, E/2 SE/4, SW/4 SE/4, SE/4 SW/4 Sec. 8; Sec. 9; W/2 Sec. 10; W/2 Sec. 14; Secs. 15, 16; NE/4, E/2 W/2, E/2 SE/4 Sec. 17; N/2 & SE/4 NE/4 Sec. 21; N/2, N/2 & SE/4 SE/4, NE/2 SW/4 Sec. 22; S/2, NW/4 Sec. 23; NE/4 Sec. 26.

ROSS DRAW-MORROW GAS POOL
Eddy County, New Mexico

Order No. R-6890, February 1, 1982, Establishing Pool.

T-26-S, R-30-E Sec. 27.

SOWELL-MORROW POOL
Lea County, New Mexico

Order No. R-6890, February 1, 1982, Establishing Pool, as Amended by Order No. R-6967, May 1, 1982.

T-15-S, R-32-E SW/4 Sec. 2; NW/4 Sec. 11.

EAST BOOTLEG RIDGE-MORROW GAS POOL
Lea County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool, as Amended by Order No. R-7307, July 1, 1983.

T-22-S, R-33-E Sec. 15.

EAST CUSTER-DEVONIAN GAS POOL
Lea County, New Mexico

Order No. R-6914, February 1, 1982, Establishing Pool, as Amended by Order No. R-7222, March 1, 1983; Order No. R-7279, June 1,

1983.

T-25-S, R-37-E NE/4, W/2 Sec. 6; NW/4, S/2 Sec. 7.

SOUTH HUMBLE CITY-STRAWN POOL
Lea County, New Mexico

Order No. R-6913, March 1, 1982, Establishing Pool, as Amended by Order No. R-7372, November 1, 1983; Order No. R-8193, April 1, 1986; Order No. R-8256, July 1, 1986; Order No. R-8299, October 1, 1986; Order No. R-9194, June 1, 1990; Order No. R-10419, August 1, 1995; Order No. R-10488, November 1, 1995; Order No. R-10595, May 10, 1996.

T-17-S, R-37-E S/2 Sec. 12; N/2, E/2 SW/4 Sec. 13; NE/4 Sec. 14.

NORTH KING-DEVONIAN POOL
Lea County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool, as Amended by Order No. R-7858, April 1, 1985.

T-13-S, R-37-E N/2 Sec. 3.

NORTH LOVING-ATOKA GAS POOL
Eddy County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool, as Amended by Order No. R-7009, July 1, 1982; Order No. R-7279, June 1, 1983; Order No. R-7502, May 1, 1984; Order No. R-9171, June 1, 1990.

T-23-S, R-27-E Sec. 12; E/2 Sec. 13; E/2 Sec. 24.

T-23-S, R-28-E Secs. 4, 5, 7, 8, 9, 16, 17, 18; E/2 Sec. 19; Sec. 21; E/2 Sec. 30.

TEAGUE-DRINKARD POOL
Lea County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool.

T-23-S, R-37-E NE/4 Sec. 17.

(SOUTH PETERSON-PENNSYLVANIAN ASSOCIATED
(FORMERLY SOUTH PETERSON-PENNSYLVANIAN)
POOL - Cont'd.)

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH PETERSON-PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall be 40 acres. A standard gas proration unit shall be 320 acres.

RULE 6. That the limiting gas-oil ratio shall be 4000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Peterson-Pennsylvanian Associated Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before April 1, 1982.

(2) That, pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws 1969, Chapter 271, existing oil wells in the South Peterson-Pennsylvanian Associated Pool shall have dedicated thereto 40 acres and existing gas wells shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Peterson-Pennsylvanian Associated Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than an 40-acre allowable for the pool.

(3) That the South Peterson-Pennsylvanian Associated Pool as heretofore defined and described in Roosevelt County, New Mexico, is hereby expanded to include the following described acreage:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 30: NW/4

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 11: S/2
Section 12: S/2
Section 13: N/2

(4) That the effective date of this Order and of the pool reclassification, special pool rules and pool extension included herein shall be December 1, 1981.

(5) That 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.

SOUTH HUMBLE CITY-STRAWN POOL
Lea County, New Mexico

Order No. R-6913, Creating and Adopting Temporary Operating Rules for the South Humble City-Strawn Pool, Lea County, New Mexico, March 1, 1982, as Amended by Order No. R-6913-A, March 5, 1982.

Order No. R-7211, February 21, 1983, continues in effect the temporary rules adopted in Order No. R-6913 (continued for six months.)

Order No. R-7211-A, October 21, 1983, makes permanent the rules adopted in Order No. R-6913, as amended.

Application of Inexco Oil Company for Pool Creation, Special Pool Rules, and a Discovery Allowable, Lea County, New Mexico.

CASE NO. 7473
Order No. R-6913

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 9 a.m. on February 3, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Inexco Oil Company, seeks the creation of a new oil pool for Strawn production, the promulgation of special pool rules therefor, including a provision for 160-acre spacing and proration units, and the assignment of 57,150 barrels of oil discovery allowable to the discovery well, applicant's Lottie York Well No. 1, located 990 feet from the South line and 660 feet from the East line of Section 14, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That although said Lottie York Well No. 1 is located within one mile of the Humble City-Strawn Pool, the geological evidence presented at the hearing does appear to indicate that said well is producing from a separate common source of supply, and that as the discovery well for said pool, the Lottie York Well No. 1, completed in the Strawn formation through perforations from 11,430 feet to 11,462 feet should be assigned an oil discovery allowable in the amount of 57,150 barrels.

(4) That although applicant has requested special pool rules for the subject pool providing for 160-acre spacing and proration units, there is insufficient evidence presently available to justify such spacing, even on a temporary basis, and said request should be denied.

(5) That there is ample evidence in the record of this case to justify the establishment of 80-acre spacing and proration units on a temporary basis, and such temporary spacing should be adopted for a period of one year.

(SOUTH HUMBLE CITY-STRAWN POOL - Cont'd.)

(6) That such temporary rules will not cause waste nor impair correlative rights and should be approved.

(7) That during the one-year period in which this order is in effect, applicant should gather all available information relative to drainage and recoverable reserves in the subject pool.

(8) That this case should be reopened at an examiner hearing in February, 1983, at which time operators in the subject pool should appear and show cause why the subject pool should not be developed on 40-acre spacing and proration units.

IT IS THEREFORE ORDERED:

(1) That a new pool for Strawn production, classified as an oil pool with vertical limits comprising the Strawn formation of Pennsylvanian age, is hereby created and designated as the South Humble City-Strawn Pool, comprising the following described lands in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 14: SE/4

(2) (As Amended by Order No. R-6913-A, March 5, 1982) That the discovery well for said pool, the Inexco Oil Company Lottie York Well No. 1, located in Unit P of said Section 14 is hereby assigned an oil discovery allowable of 57,150 barrels.

(3) That special rules and regulations for the South Humble City-Strawn Pool in Lea County, New Mexico, are hereby promulgated as follows, effective March 1, 1982.

**SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH HUMBLE CITY-STRAWN POOL**

RULE 1. Each well completed or recompleted in the South Humble City-Strawn Pool or in the Strawn formation within one mile of the South Humble City-Strawn Pool, and not nearer to or within the limits of another designated Strawn pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the South Humble City-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application if, after a period of 30 days, no

offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the South Humble City-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well drilled in the South Humble City-Strawn Pool shall be located within 150 feet of the center of a governmental quarter-quarter section.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the South Humble City-Strawn Pool shall be assigned an 80-acre depth bracket allowable of 445 barrels per day and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

IT IS FURTHER ORDERED:

(1) That the location of all wells presently drilling to or completed in the South Humble City-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before April 1, 1982.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978 Comp., existing wells in the South Humble City-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Humble City-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in February, 1983, at which time the operators in the subject pool may appear and show cause why the South Humble City-Strawn Pool should not be developed on 40-acre proration units.

(4) That applicant's request for 160-acre spacing and proration units is hereby denied.

(5) That 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.