

**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. 10469
Order No. R-9670**

**APPLICATION OF NEARBURG PRODUCING
COMPANY FOR AN UNORTHODOX OIL 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 April 30, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of May, 1992, 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 to drill its Emerald "32" Federal Well No. 1 at an unorthodox oil well location 2007 feet from the North line and 1470 feet from the West line (Unit F) of Section 32, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, to test the Delaware formation. The SE/4 NW/4 of said Section 32 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said formation.

(3) According to applicant's evidence and testimony, the well was originally staked at a standard location 1980 feet from the North and West lines (Unit F) of said Section 32.

(4) The applicant was informed by the Bureau of Land Management (BLM) that the original location fell within the Pecos River Corridor Special Management Area and, as such, the well would have to be relocated to minimize the impact to the Pecos River.

(5) Additional topographic features, including the presence of a knoll, have caused the applicant to stake the well at the proposed location.

(6) The BLM has approved the proposed unorthodox location.

(7) According to evidence and testimony, there is currently no Delaware production within Section 32.

(8) The applicant presented as evidence in this case signed waivers of objection to the proposed unorthodox location from all working interest owners and offset operators.

(9) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) 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:

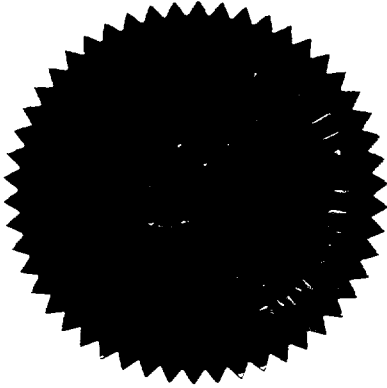
(1) The applicant, Nearburg Producing Company, is hereby authorized to drill its Emerald "32" Federal Well No. 1 at an unorthodox oil well location 2007 feet from the North line and 1470 feet from the West line (Unit F) of Section 32, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, to test the Delaware formation.

(2) The SE/4 NW/4 of said Section 32 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said formation.

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

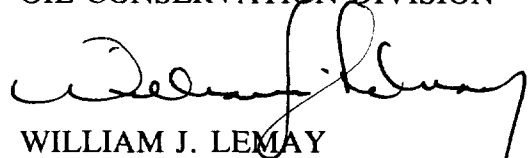
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director