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T-22-S R-27-E EDDY COUNTY , NEW MEXICO

> NEARBURG SUENO 15 #1 2500'FNL 660'FWL

Exhibits 1 through 4. Complete Set

BEFORE EXAMINER DIVUNER	
OIL CONSERVATION DIVISION	
NEARBORE EXHIBIT NO.	
GASE NO. 10682	

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T-22-S R-27-E EDDY COUNTY , NEW MEXICO

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
NEGROOO EXHIBIT NO. 1A
CASE NO. 10682

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. 10337 ORDER NO. R-9543

APPLICATION OF NEARBURG PRODUCING COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

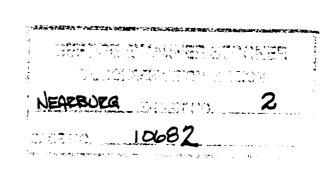
BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 27, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this <u>18th</u> day of July, 1991 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 gas well local in 2500 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 22 South, Range 27 East, NMPM, to test the Undesignated Carlsbad-Strawn Gas Pool and the Undesignated South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- (3) The W/2 of said Section 15 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for both pools.



- (4) The applicant recently proposed an unorthodox gas well location 2500 feet from the North line and 330 feet from the West line (Unit E) of said Section 15 for both the Undesignated Carlsbad-Strawn Gas Pool and Undesignated South Carlsbad-Morrow Gas Pool underlying the W/2 of said Section 15, which was the subject of Division Case No. 10297; however, said application was denied by resulting Order No. R-9513.
- (5) At this time, the applicant is proposing to move its well location for the subject 320-acre unit an acceptable distance of 660 feet from the offsetting acreage to the west in adjacent Section 6.
- (6) The subject location is unorthodox in as much as it is closer than 330 feet to the proration unit's inner boundary (see Division General Rule 104.C.II.).
- (7) The applicant's primary zone of interest for this well is the Strawn formation.
- (8) The geologic evidence presented by the applicant to support the unorthodox location in the Strawn interval indicates the presence of a localized porous-carbonate thickening trending northeast/southwest over the entire width of the proposed 320-acre spacing unit.
- (9) The proposed well location should therefore penetrate a thicker portion of the Strawn interval within the subject proration unit than a well drilled at a standard location thereon, thereby increasing the chances of intersecting a gas-bearing zone within the Strawn formation.
- (10) The secondary zone of interest for this well is the deeper Morrow interval which is spaced and developed on the same rules as the Strawn zone. The applicant offered no geologic testimony on this formation, however it is industry practice in this area to test the Morrow interval with wells drilled to similar deep zones of interest such as the Strawn. No advantage would be gained over an offsetting tract should the Morrow zone be found gas productive since it also is within the acceptable 660-foot offset distance of the subject proration unit.
 - (11) No offset operator objected to the proposed unorthodox location.
- (12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pools, 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 gas well location for the Undesignated Carlsbad-Strawn Gas Pool and the Undesignated South Carlsbad-Morrow Gas Pool is hereby approved for a well to be located at a point 2500 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.
- (2) The W/2 of said Section 15 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for both pools.
- (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

SEAL

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF NEARBURG PRODUCING COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE NO. 10682

	<u>AFFIDAVIT</u>	SERVE CAROLIVATOR PROTER	
STATE OF NEW MEXICO)	HELERA 3	
COUNTY OF SANTA FE	,	CASE 10. 1068Z	i

William F. Carr, attorney in fact and authorized representative of Nearburg Producing Company, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.

William F. Carr

SUBSCRIBED AND SWORN to before me this 17th day of March, 1993.

Notary Public

My Commission Expires:

EXHIBIT A

Texaco Producing Company Post Office Box 3109 Midland, TX 79702

Kerr McGee Corporation One Marienfeld Place Suite 330 Midland, TX 79701

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

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL

OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 983-6043

February 24, 1993

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Texaco Producing Company Post Office Box 3109 Midland, Texas 79702

Re: Application of Nearburg Producing Company for an Unorthodox Well

Location, Eddy County, New Mexico

Gentlemen:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking approval to recomplete its Sueno 15 Well No. 1 in the Delaware formation. This well was drilled pursuant to Order No. R-9543 at an unorthodox well location 2500 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. The NW/4 of Section 15 will be dedicated to this well.

This application has been set for hearing before an Examiner of the Oil Conservation Division on March 18, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

WFC:mlh

P 087 492 002

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Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

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8. Addressee's Address (ONLY If	S Signature - Address
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tional services are desired, and complete items	SENDER: Complete items 1 and 2 when additional services are desired, and complete rems

CAMPBELL, CARR, BERGE 8 SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
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PATRICIA A. MATTHEWS
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JACK M. CAMPBELL

OF COUNSEL

JEFFERSON PLACE
SUITE I - 110 NORTH GUADALUPE
POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 988-4421
TELECOPIER: (505) 983-6043

February 24, 1993

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Kerr-McGee Corporation One Marienfeld Place Suite 330 Midland, Texas 79701 Attn: Mr. Richard P. Sevier

Re: Application of Nearburg Producing Company for an Unorthodox Well

Location, Eddy County, New Mexico

Gentlemen:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking approval to recomplete its Sueno 15 Well No. 1 in the Delaware formation. This well was drilled pursuant to Order No. R-9543 at an unorthodox well location 2500 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. The NW/4 of Section 15 will be dedicated to this well.

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Very truly yours,

WILLIAM F. CARR

ATTORNEY FOR NEARBURG PRODUCING COMPANY

WFC:mlh

P 087 492 003

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services are desired, and complete items	SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.

INTEROFFICE MEMORANDUM

FROM:

T.R. MacDonald

TO:

Joe Fitzgerald

DATE:

3/16/93

SUBJECT:

Sueno Prospect Standard Location Delaware Well Cost Comparison

As requested, I have estimated the cost of drilling a Delaware test well on a standard location in section 15, T22S, R27E, Eddy County, New Mexico. The estimated dry hole costs for this project would be \$165,688 with estimated completion costs of \$124,555, for a total estimated well cost of \$290,243. Our AFE for recompleting the existing Sueno 15 Well #1 (660' FWL & 2500'FNL, Section 15, T22S, R27E) is \$38,495 not including salvage of tubulars from the well. Including tubular salvage value, the AFE amount is \$19,095.

SUENO2ME

NEARBURG

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