

**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. 9821
Order No. R-8991-A

APPLICATION OF NEARBURG PRODUCING
COMPANY FOR THE AMENDMENT OF
DIVISION ORDER NO. R-8991, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 15, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of December, 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) By Order No. R-8991, dated August 31, 1989, the Division authorized the applicant, Nearburg Producing Company, 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, Lea County, New Mexico, to test the Strawn formation, South Humble City-Strawn Pool. The E/2 NE/4 of said Section 13 was to be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit for said pool.

(3) The applicant, Nearburg Producing Company, seeks to amend said Order No. R-8991 to include authorization to drill to a depth of approximately 13,500 feet to test the Devonian formation, whereby the NE/4 NE/4 of said Section 13 would be dedicated to the subject well forming a standard statewide 40-acre oil spacing and proration unit for said formation.

(4) According to the geologic evidence and testimony presented, the proposed location, which represents the most favorable Strawn location (as described in Order No. R-8991), also represents the most favorable Devonian location structurally within the NE/4 NE/4 of said Section 13.

(5) The affected offset acreage for a Devonian completion, being the SE/4 NE/4 of said Section 13, is owned by those interests who are actively participating in the drilling of the subject well.

(6) No other offset operator appeared and/or objected to the proposed unorthodox location as to the Devonian formation.

(7) Approval of the proposed amendment will afford the applicant the opportunity to produce its just and equitable share of the oil in the Devonian formation, 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) Decretory Paragraphs Nos. 1 and 2 of Division Order No. R-8991 are hereby amended to read in their entirety as follows:

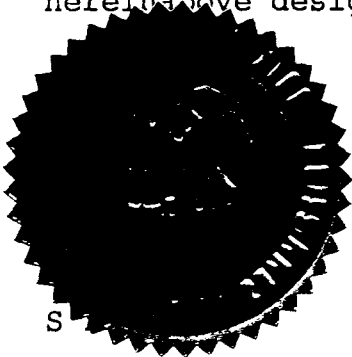
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"(1) The applicant, Nearburg Producing Company, is hereby authorized to drill its Boy's Ranch Well No. 1 at an unorthodox Strawn and Devonian oil well location 1100 feet from the North line and 880 feet from the East line (Unit A) of Section 13, Township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

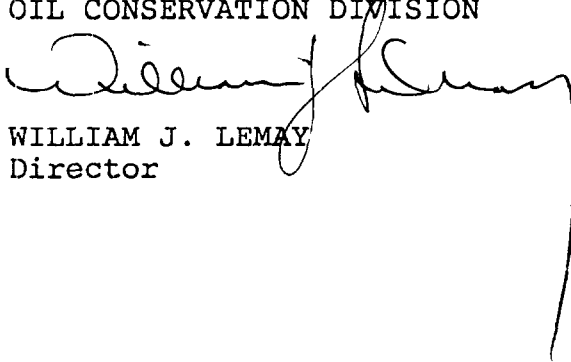
(2) The E/2 NE/4 of said Section 13 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for the South Humble City-Strawn Pool, and/or the NE/4 NE/4 of said Section 13 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for the Wildcat Devonian Pool."

(2) 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