

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. 9425
ORDER NO. R-8710

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 20, 1988, at Santa Fe, New Mexico.

NOW, on this 4th day of August, 1988, the Division Director, having considered the testimony and the record,

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) At the time of the hearing this case was consolidated with Case Nos. 9426 and 9427 for purposes of testimony.

(3) The applicant, Nearburg Producing Company, seeks approval of an unorthodox gas well location for its B & B Well No. 2 to be drilled 660 feet from the South and East lines (Unit P) of Section 22, Township 19 South, Range 25 East, NMPM, Boyd-Morrow Gas Pool, Eddy County, New Mexico.

(4) The E/2 of said Section 22 is proposed to be simultaneously dedicated to said well and to the existing B & B Well No. 1 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 22.

(5) A well at said unorthodox gas well location will better enable applicant to produce the gas underlying the proration unit.

(6) No offset operator objected to the proposed unorthodox gas well location.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas 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.

(8) Applicant failed to address the correlative rights involved with having two producing wells on a standard proration unit and therefore should be permitted to produce only one of the wells pending a showing that correlative rights will not be violated by the proposed simultaneous dedication.

IT IS THEREFORE ORDERED THAT:

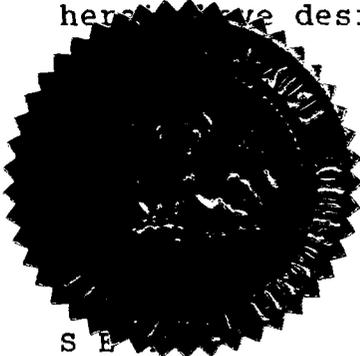
(1) The application of Nearburg Producing Company for an unorthodox gas well location for the Boyd-Morrow Gas Pool is hereby approved for its B & B Well No. 2 to be located at a point 660 feet from the South and East lines (Unit P) of Section 22, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) Upon completion of the subject well the operator shall elect which of the two wells will be produced and the other shall be shut-in.

(3) Upon a showing to the satisfaction of the Director that correlative rights will be protected rather than violated as a result of the proposed simultaneous, or joint, dedication both wells may be produced.

(4) 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 here designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director