

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. 9533
ORDER NO. R-8805

APPLICATION OF NEARBURG PRODUCING
COMPANY FOR A NON-STANDARD OIL
PRORATION UNIT, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 22, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of December, 1988, 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 a 40-acre non-standard oil proration unit comprising the SE/4 NW/4 (Unit F) of Section 19, Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location 1900 feet from the North line and 2400 feet from the West line of said Section 19.

(3) Pursuant to Division Order No. R-3816, as amended, the Northeast Lovington-Pennsylvanian Pool was spaced and developed on 80-acre proration units.

(4) This request is necessitated because the NW/4 of said Section 19 has had the following irregular development:

- (a) the NE/4 NW/4 and NW/4 NE/4 of said Section 19 is presently dedicated to the Texaco Producing, Inc. H.T. Montieth "B" Well No. 1 located in Unit C of said Section 19;
- (b) Lot 2 (Unit E) of said Section 19, consisting of 50.56 acres, is presently dedicated to the Skelton Oil Company Montieth State Well No. 1;
- (c) Lot 1 (Unit D) is presently undedicated.

(5) The entire non-standard proration unit may reasonably be presumed productive of gas from the Northeast Lovington-Pennsylvanian Pool and the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(6) No interested party objected to the subject application.

(7) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Northeast Lovington-Pennsylvanian 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) The subject well should be assigned an allowable in the proportion that the acreage dedicated to the well bears to a standard oil proration unit in the Northeast Lovington-Pennsylvanian Pool.

IT IS THEREFORE ORDERED THAT:

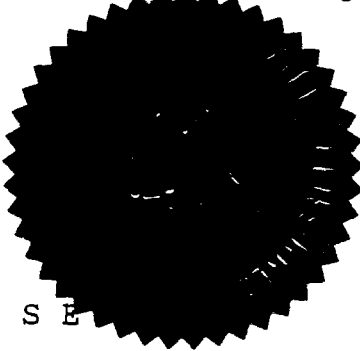
(1) The application of Nearburg Producing Company for a 40-acre non-standard oil proration unit in the Northeast Lovington-Pennsylvanian Pool comprising the SE/4 NW/4 (Unit F) of Section 19, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby approved for a well to be drilled at a standard oil well location 1900 feet from the North line and 2400 feet from the West line of said Section 19.

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(2) The subject well shall be assigned an allowable for the Northeast Lovington-Pennsylvanian Pool in the proportion that the acreage dedicated to the well bears to a standard oil well proration unit in said pool pursuant to Division Order No. R-3816, as amended.

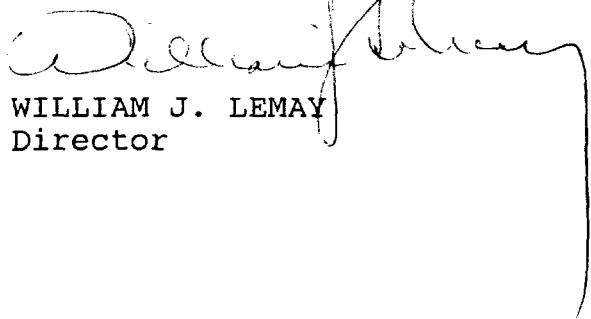
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director