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. 11554 Order No. R-10620 FUCUIR Z

APPLICATION OF NEARBURG EXPLORATION COMPANY FOR AN UNORTHODOX OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 27, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 2nd day of July, 1996, 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 Exploration Company, seeks approval to drill its <u>Nueve "36" Well No. 1 at an unorthodox oil well location 2310 feet from the North line</u> and 1200 feet from the East line (Unit H) of Section 36, Township 16 South, Range 37 East, NMPM, to test the Shipp-Strawn Pool, Lea County, New Mexico.

(3) The S/2 NE/4 of Section 36 is to be dedicated to the subject well forming a standard 80-acre spacing and proration unit for the Shipp-Strawn Pool.

(4) The proposed well location and 80-acre unit is within the Shipp-Strawn Pool and is therefore subject to the "Special Rules and Regulations for the Shipp-Strawn Pool", as promulgated by Division Order No. R-8062-A, dated January 21, 1986, which provides for standard 80-acre oil spacing and proration units with wells to be located within 150 feet of the center of either governmental quarter-quarter section or lot.

(5) In support of its application, the applicant presented geologic evidence and testimony based upon well control and 3-D seismic data.