

CASE NO. 11554  
Order No. R-10620  
Page -2-

---

(6) The geological evidence and testimony presented indicates that a well drilled at the proposed unorthodox location should penetrate a small algal reef mound within the Strawn formation in an area of greater thickness and greater porosity development than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(7) According to applicant's testimony, the E/2 of Section 36 is commonly owned. In addition, applicant has recently received Division authorization (Order No. R-10613, dated June 19, 1996) to drill a well within the affected offset acreage at an unorthodox oil well location 2310 feet from the South line and 660 feet from the East line (Unit I) of Section 36, to test the Strawn formation. The N/2 SE/4 of Section 36 is dedicated to this well.

(8) No other interested party appeared at the hearing in opposition to this application.

(9) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Shipp-Strawn 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.

(10) At the request of the applicant, Nearburg Producing Company should be designated the operator of the subject well.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Nearburg Exploration Company, is hereby authorized to drill its Nueve "36" Well No. 1 at an unorthodox oil well location 2310 feet from the North line 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.

(2) The S/2 NE/4 of said Section 36 shall be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool.

(3) Nearburg Producing Company is hereby designated the operator of the subject well.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.