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. 11546
ORDER NO. R-10613

APPLICATION OF NEARBURG PRODUCING COMPANY, L.L.C. 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 13, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of June, 1994, 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, L.L.C., seeks approval for an unorthodox oil well location to be drilled 2310 feet from the South line and 660 feet from the East line (Unit I) of Section 36, Township 16 South, Range 37 East, NMPM, to test the Shipp-Strawn Pool, Lea County, New Mexico.

(3) 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.

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

(5) The applicant presented geological evidence and testimony which indicates that a well drilled at the proposed unorthodox location should penetrate a small algal reef mound within the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.


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