

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 17, 1998

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Nearburg Exploration Company, L.L.C. ("Nearburg") applies for administrative approval of an unorthodox gas well location, and a non-standard gas spacing and proration unit, for the following well:

Cone Butte "19" Fed. Well No. 1
622 feet FNL & 1987 feet FEL
N½ S19, Township 22 South, Range 24 East, NMPM
Eddy County, New Mexico

The well will be drilled to test the Morrow formation, and the N½ of Section 19 will be dedicated to the well, forming a non-standard 307.27 acre gas spacing and proration unit. The well is in the Undesignated South Indian Basin-Morrow Gas Pool, which is spaced on statewide rules requiring that wells be no closer than 1650 feet to the end line of a well unit and 660 feet to the side line of a unit, and no closer than 330 feet to a quarter-quarter section line.

The proposed location is based on topographic reasons. The original location was standard, 660 feet from the north line and 1980 feet from the east line. Attached as Exhibit A is a letter signed by Barry Hunt of the BLM, which states that the location was moved slightly due to slope at the preferred location.

Attached as Exhibit B is a land plat of the area. The only affected offsets are Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation, and MYCO Industries, Inc., the lessees of Section 18. These interest owners have waived objection to the location, as shown on Exhibit C. **Therefore, Nearburg requests that the 20 day notice period be waived.**

A Form C-102 and topographic plat for the well will be submitted later.

This application is submitted in duplicate. Please call me if you need anything further regarding this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for Nearburg
Exploration Company, L.L.C.

cc: Duke Roush

*File
Cone Butte*

September 14, 1998

Mr. Barry Hunt
Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88220

RECEIVED
SEP 17 1998
BLM
AREA

RE: Nearburg Producing Company - Cone Butte "19" Federal Well No. 1
622' FNL & 1,987' FEL Section 19, T22S, R24E, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Hunt:

This letter will confirm your request that Nearburg Producing Company move the captioned well to its present location from our original intended location at 660' FNL & 1,980' FEL of said Section 19. You have requested that the location be moved to conform with BLM standards relative to the topography and potential problems with the slope and grade of the drill pad. Relocation of the well to the requested location has caused this to be a non-standard location.

Please sign this letter in the space provided below to indicate your confirmation of the foregoing and return one copy to the undersigned.

Yours very truly,

[Signature]
Kenneth C. Dickeson
Consulting Landman

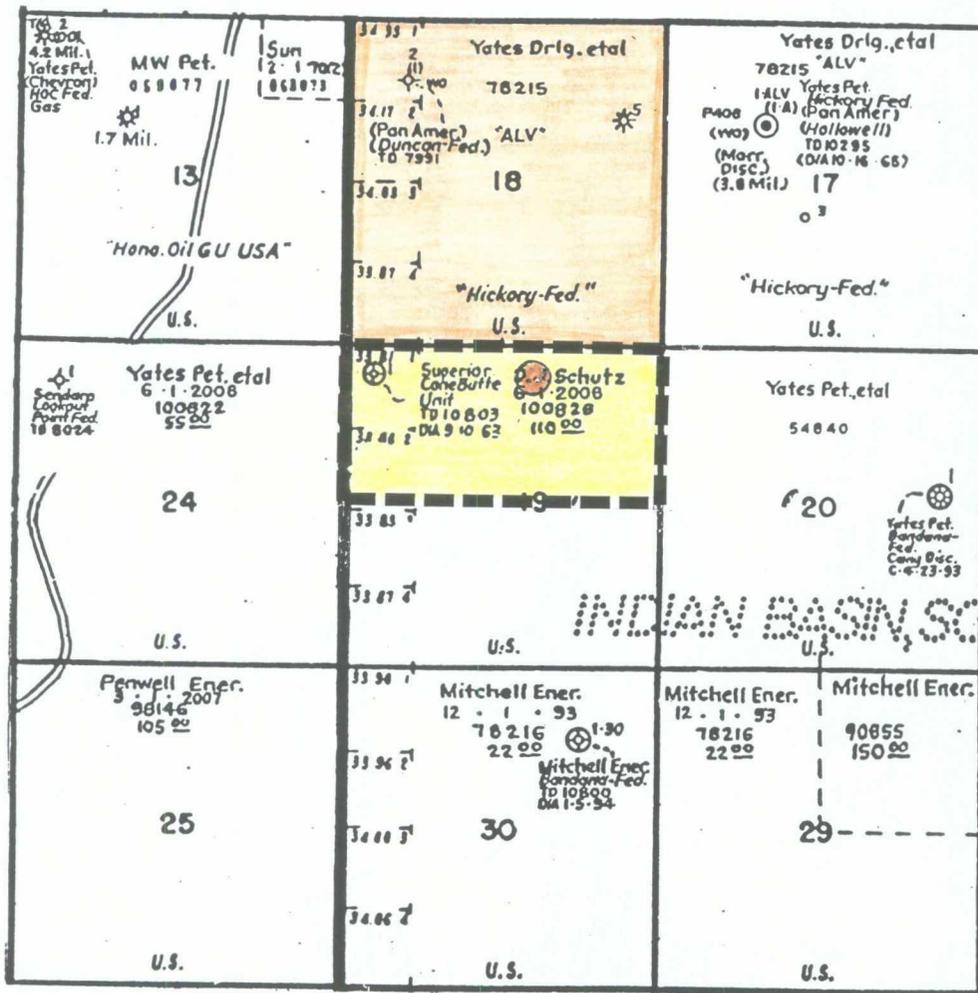
Agreed and accepted this 21 day of September, 1998

[Signature]
Barry Hunt

NSL

EXHIBIT
A

Cone Butte "19" Federal #1
 622' FNL, 1987' FEL
 N/2 of Section 19
 T-22-S, R-24-E
 Eddy County, New Mexico
 Exhibit "1"



Proration Unit



Affected Tracts



Location



Nearburg Exploration Company, L.L.C.

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

September 30, 1998

FAX (505) 748-4572

Yates Drilling Company
ABO Petroleum Corporation
Mycos Industries, Inc.
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

ATTN: Kathy Porter

RE: Cone Butte "19" Federal No. 1
622' FNL and 1,987 FEL of Section 19
T-22-S, R-24-E
Eddy County, New Mexico
Cone Butte Prospect

Gentlemen:

Nearburg Exploration Company, L.L.C. (NEC) is proposing to drill the Cone Butte "19" Federal No. 1 well at the captioned non-standard location, which will encroach on your Federal Lease NM 78215, located in Section 18. The location was moved from an orthodox location to the present location at the request of the Bureau of Land Management (see attached letter), due to topography concerns.

We ask that you waive any objections to this location by executing in the space provided below.

If we can be of further assistance, please advise.

Very truly yours,



Duke Roush
Senior Landman

DR/dw
encl.



September 30, 1998
Page Two

AGREED TO AND ACCEPTED this 15th day of October, 1998.

YATES DRILLING COMPANY

By: [Signature]
In: Attorney-in-Fact

AGREED TO AND ACCEPTED this 15th day of October, 1998.

ABO PETROLEUM CORPORATION

By: [Signature]
In: Attorney-in-Fact

AGREED TO AND ACCEPTED this 15th day of October, 1998.

MYCO INDUSTRIES, INC.

By: [Signature]
In: Attorney-in-Fact

AGREED TO AND ACCEPTED this 15th day of October, 1998.

YATES PETROLEUM CORPORATION

By: [Signature]
In: Attorney-in-Fact

10/19/98 | 11/9/98 | MS | MN | NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

OCT 19 1998

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
Signature

Attorney for Applicant
Title

10/17/98
Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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James Bruce

Attorney for Nearburg
Exploration Company, L.L.C.

cc: Duke Roush

*File
Cone Butte*

September 14, 1998

Mr. Barry Hunt
Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88220

RECEIVED
1998 SEP 17 11 13
BUREAU OF LAND MANAGEMENT
CONE BUTTE AREA

RE: Nearburg Producing Company - Cone Butte "19" Federal Well No. 1
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Eddy County, New Mexico

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Consulting Landman

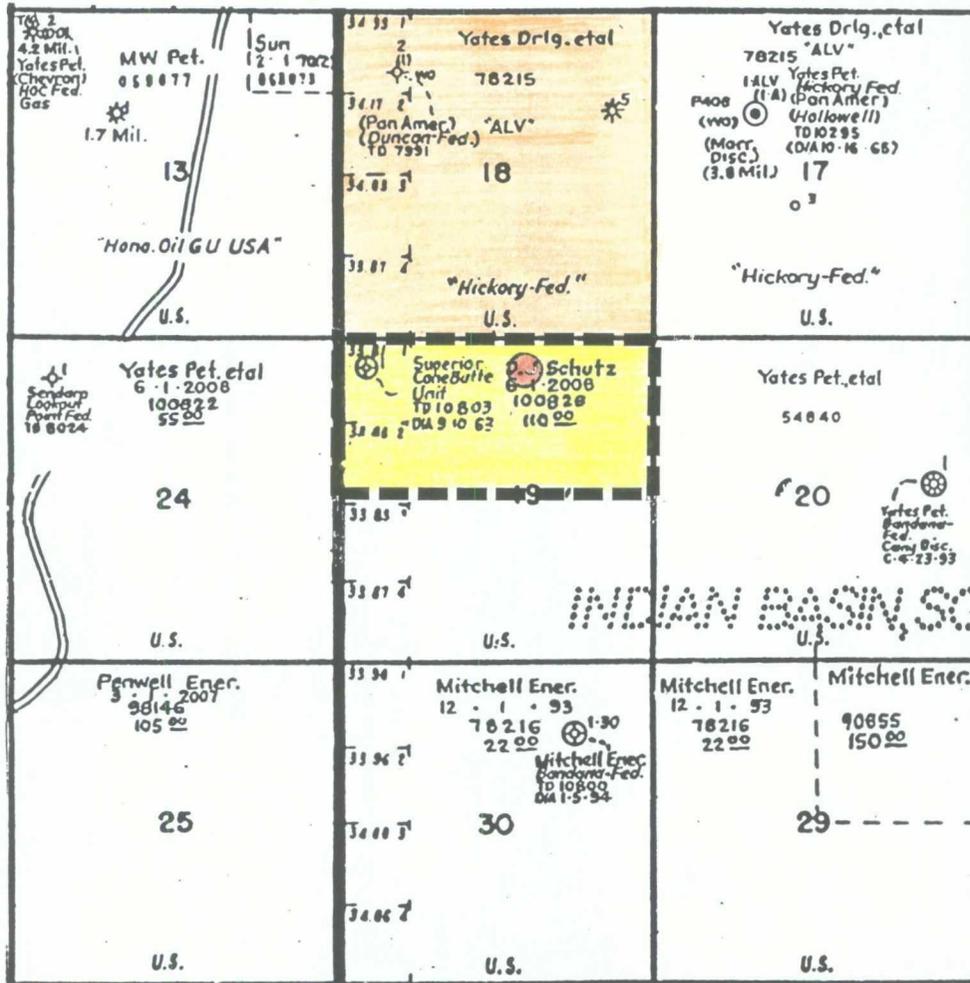
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Barry W. Hunt
Barry Hunt

NSL

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YATES PETROLEUM CORPORATION

By: [Signature]
As: Attorney-in-Fact

Sec : 19 Twp : 22S Rng : 24E Section Type : NORMAL

3 33.85 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
4 33.87 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

11
13.85
73.87

147.72
16

307.72

Sec : 19 Twp : 22S Rng : 24E Section Type : NORMAL

1 33.81 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
2 33.83 Federal owned	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12