

DATE 3/15/02	SUSPENSE NA	ENGINEER DC	LOGGED IN W	TYPE CTB OKM	APP NO. 0207456138
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] **[NSP-Non-Standard Proration Unit]** **[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 - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

MAR 15 2002

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

[D] Other: Specify _____

[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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kim Stewart

Print or Type Name

Kim Stewart
Signature

Regulatory Analyst

Title

3-12-02

Date

e-mail Address

Nearburg Producing Company

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

March 12, 2002

Mr. David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Lease Commingling for Off Lease Gas Measurement and Sales Meter Allocation
Purposes
Section 3-20S-33E and Section 34-19S-33E
Lea County, New Mexico

Dear Mr. Catanach:

Nearburg Producing Company hereby requests administrative approval for Lease commingling for Off Lease Gas Measurement and sales meter allocation of the production from the wells listed on Attachment I.

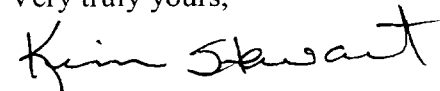
The sales meter for said wells is located in Section 3, T20S, R33E, Lea County, New Mexico. See Attachment II showing each well location and sales meter.

All production will be measured using orifice flow meters and integrated on each individual well and the meters will be calibrated on a regular basis. Nearburg will allocate the sales meter volumes using the individual wellhead meter and integrated volumes. All gas production will be produced from the Gem Morrow; East. Federal royalties will not be reduced by using the proposed measurement method.

Also, enclosed Attachment IV, a copy of the notification letter which was mailed to all interest owner and to the purchasers via Certified Mail.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



Kim Stewart
Regulatory Analyst

Enclosures

ATTACHMENT I

Jade 34 Federal Com #1

Unit I, 1980' FSL and 1150' FEL, Section 34, T19S, R33E, Lea County, New Mexico

Jade 34 Federal Com #2

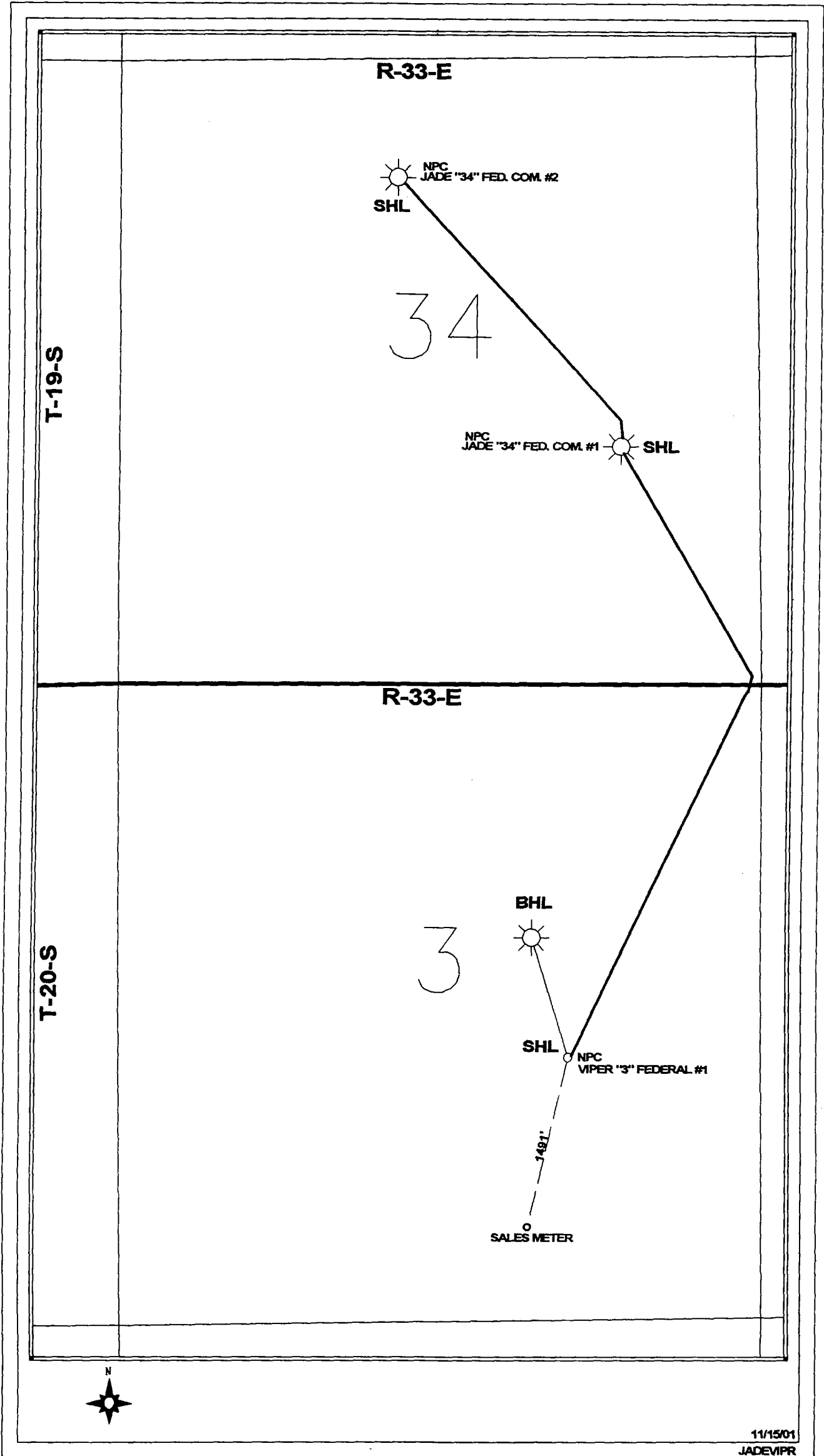
Unit C, 990' FNL and 2310' FWL, Section 34, T19S, R33E, Lea County, New Mexico

Viper 3 Federal #1

SHL: Unit J, 2200' FSL and 1600' FEL, Section 3, T20S, R33E, Lea County, New Mexico

BHL: Unit G, 3067' FSL and 2012' FEL, Section 3, T20S, R33E, Lea County, New Mexico

ATTACHMENT II



ATTACHMENT IV

REVISED

November 20, 2001

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

TO: INTEREST OWNERS AND PURCHASER
(List Attached)

RE: Notification of Application of Nearburg Producing Company
for Administrative Approval for Lease Commingling for Off Lease Gas
Measurement and Sales Meter Allocation Purposes
Section 34, T19S, R33E, Lea County, New Mexico
Section 3, T20S, R33E, Lea County, New Mexico

Dear Interest Owner or Purchaser:

Nearburg Producing Company hereby notifies you that it is seeking approval to first meter and then commingle and off lease measure gas production from wells listed on Attachment I. The common sales meter is located in Section 3, T20S, R33E, Lea County, New Mexico. See Attachment II showing each well location and sales meter.

If you have objection to this request, then it is necessary for you to file a written objection within twenty (20) days of November 20, 2001, with Oil Conservation Division of the State of New Mexico and Bureau of Land Management. If you have no objection, then it is not necessary to do anything.

Please feel free to call if I can be of any assistance.

Very truly yours,

A handwritten signature in black ink that reads "Kim Stewart". The signature is written in a cursive, flowing style.

Kim Stewart
Regulatory Analyst

Encl.

ATTACHMENT IV (CON'T)

DISTRIBUTION LIST

BWD Partners I ✓
PO Box 51407
Midland, TX 79710

Devon Energy Production Company, L.P.
20 North Broadway, Ste 1500 ✓
Oklahoma City, OK 73102-0260

E.G.L. Resources, Inc. ✓
PO Box 371
Midland, TX 79702

Maverick Oil & Gas Corp. ✓
201 West Wall, Suite 803
Midland, TX

Tim R. MacDonald ✓
23 Graham Lane
Lucas, TX 75002

Nearburg Exploration Co, L.L.C.
PO Box 823085
Dallas, TX 75382-3085

Samson
Samson Plaza
Two West Second Street ✓
Tulsa, OK 74103-3103

Duke Energy Field Services ✓
Two Warren Place
6120 S. Yale, Suite 1200
Tulsa, OK 74136

Sunoco Inc. (R&M) ✓
901 South Detroit
Tulsa, OK 74102

Gas Gathering System - Allocation for Duke wells under Contract # 0691 00*

August 2001

Purchaser: Duke Energy Field Services

Gas:

Property	Property No.	Meter No.	Duke Mtr. Mcf @ 15.025 sat	Duke Mtr. Mcf @ 14.65 sat	Btu Factor @ 14.65 sat	Gross Wellhead MMBtu	Price \$/MCF	Price \$/MMBtu	Amount Disbursed
Jade 34 Fed Com # 1 (100% volume & value)	554180	711264	662	679	1.1840943	804	\$3.015498	\$2.483109	1,996.42
**Jade 34 Fed Com # 1 (79% vol. & value)	554180	711264	546	560	1.1840943	627	\$3.015498	\$2.483109	1,557.21
Jade 34 Fed Com # 2 (100% vol. & value)	554181	711264	21.625	22.179	1.1836873	26253	\$3.012667	\$2.481632	65,150.28
**Jade 34 Fed Com # 2 (75.8603% vol. & value)	554181	711264	16.425	16.945	1.1836873	19939	\$3.012667	\$2.481632	49,461.04
Viper 3 Federal No. 1	554925	711264	7.420	7.610	1.1837057	9008	\$3.012598	\$2.481536	22,353.68

Answer to question 4: Actual allocated production for each well.

Condensate Produced for 8-01:

Jade 34-1 - 0 BO

Jade 34-2 - 174 BO

Viper 3-1 - 57 BO

Reference to question #8:

Detailed Economic Justification:

Nearburg wanted to negotiate a gas contract to keep all three wells economically viable. The three wells are all on Federal Leases. Since the majority of the gas is produced from one well, we needed to deliver the combined production of the three wells to the purchaser at a central point. This allowed us to negotiate a much better gas price for the lower producing wells. The lowest producing well would have been uneconomic under a contract where the purchaser had to lay the pipe to the individual wells. Nearburg and the Working Interest Owners chose to lay pipe to the purchaser's central delivery point at no cost to the Royalty owner. (See Cost Below). This enabled us to receive a better gas contract and ultimately extended the economic life of the wells.

Estimated cost paid by working Interest Owners:

Pipeline: Approx. 1-1/2 miles @ \$10/FT =	\$79,200
Meters: 3 allocation meters @ \$4,000 each =	\$12,000
Total costs:	<u>\$91,200</u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
NM 17238
6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
Nearburg Producing Company

3. Address and Telephone No.
3300 North A Street, Building 2, Suite 120, Midland, TX 79705 (915) 686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: Unit J, 2200' FSL and 1600' FEL, Section 3-20S-33E
BHL: Unit G, 3067' FSL and 2012' FEL, Section 3-20S-33E

8. Well Name and No.
Viper 3 Federal #1

9. API Well No.
30 025 34543

10. Field and Pool, or Exploratory Area
Gem Morrow, East

11. County or Parish, State
Lea County, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other Off Lease Gas Measurement & Lease Commingling

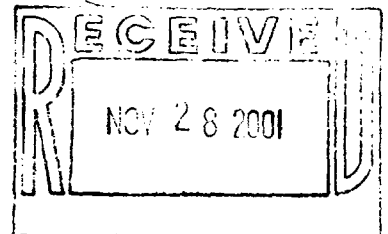
- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Nearburg Producing Company requests for approval of Off Lease Gas Measurement for sale meter allocation and Lease Commingling with the following wells:

- 1.) Jade 34 Federal Com #1
Unit I, 1980' FSL and 1150' FEL
Section 34-19S-33E
Lea County, New Mexico
2.) Jade 34 Federal Com #2
Unit C, 990' FNL and 2310' FWL
Section 34-19S-33E
Lea County, New Mexico



14. I hereby certify that the foregoing is true and correct

Signed [Signature]
(This space for Federal or State Office Use)
Approved by [Signature]
Conditions of approval of sub
NOV 26 2001

Title Regulatory Analyst

Date 11/05/2001

Title

Date

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any statement or representation in any matter within its jurisdiction.

PETROLEUM ENGINEER

*See Instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator

Nearburg Producing Company

3. Address and Telephone No.

3300 North A Street, Building 2, Suite 120, Midland, TX 79705 (915) 686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit C, 990' FNL and 2310' FWL, Section 34-19S-33E

5. Lease Designation and Serial No.
NM 97897

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Jade 34 Federal Com #2

9. API Well No.

30 025 34648

10. Field and Pool, or Exploratory Area

Gem Morrow, East

11. County or Parish, State

Lea County, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
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☐ Altering Casing
☐ Other Off Lease Gas Measurement & Lease Commingling

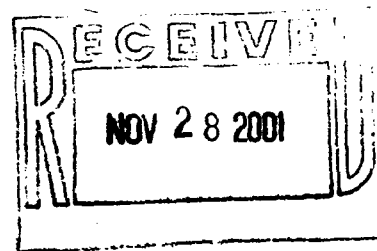
- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
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Section 34-19S-33E
Lea County, New Mexico
- 2.) Viper 3 Federal #1
SHL: Unit J, 2200' FSL and 1600' FEL
BHL: Unit G, 3067' FSL and 2012' FEL
Section 3-20S-33E
Lea County, New Mexico



14. I hereby certify that the foregoing is true and correct

Signed

APPROVED

Title Regulatory Analyst

Date 11/05/2001

(This space for Federal or State office use)

Approved by

David R. E. [Signature]

Title

Date

Conditions of approval, if any

NOV 26 2001

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Title 18 U.S.C. Section 1001 makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
NM 104346 97896
6. If Indian, Allottee or Tribe Name

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Nearburg Producing Company

3. Address and Telephone No.

3300 North A Street, Building 2, Suite 120, Midland, TX 79705 (915) 686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit I, 1980' FSL and 1150' FEL, Section 34-19S-33E

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Jade 34 Federal Com #1

9. API Well No.

30 025 34390

10. Field and Pool, or Exploratory Area

Gem Morrow, East

11. County or Parish, State

Lea County, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

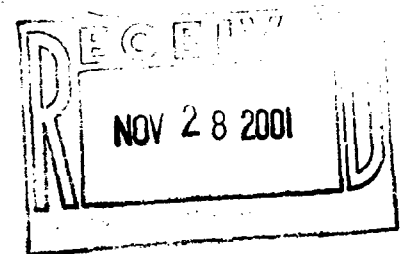
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☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Nearburg Producing Company requests for approval of Off Lease Gas Measurement for sale meter allocation and Lease Commingling with the following wells:

- 1.) Jade 34 Federal Com #2
Unit C, 990' FNL and 2310' FWL
Section 34-19S-33E
Lea County, New Mexico
2.) Viper 3 Federal #1
SHL: Unit J, 2200' FSL and 1600' FEL
BHL: Unit G, 3067' FSL and 2012' FEL
Section 3-20S-33E
Lea County, New Mexico



14. I hereby certify that the foregoing is true and correct

Signed *[Signature]*
(This space for Federal or State Police Use)

Title Regulatory Analyst

Date 11/05/2001

Approved by *[Signature]*
Conditions of approval *[Signature]*
NOV 26 2001

Title

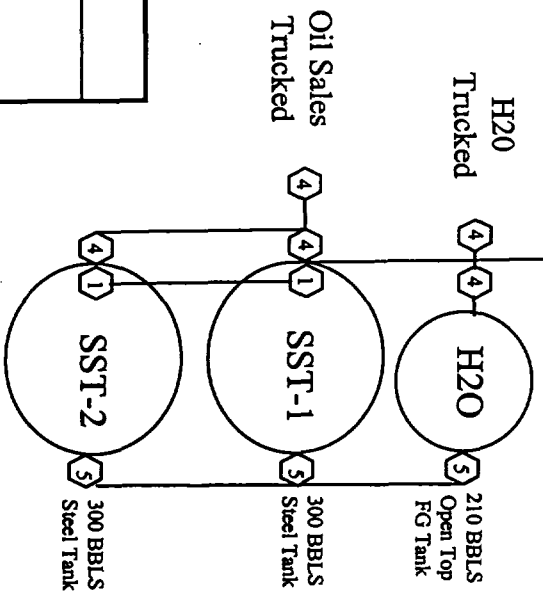
Date

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

PETROLEUM ENGINEER

*See Instruction on Reverse Side



1. Oil sales by tank gauge to tank truck
2. Seal Requirements:

- A. Production Phase:
- (1) All valves 4 sealed closed
 - (2) All valves 5 sealed closed
 - (3) All valves 3 sealed closed
- B. Sales Phase (Sales from SST-1 & SST-2)
- (1) Valve 1 on SST-1 & SST-2 sealed closed
 - (2) All valves 5 sealed closed

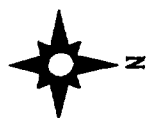
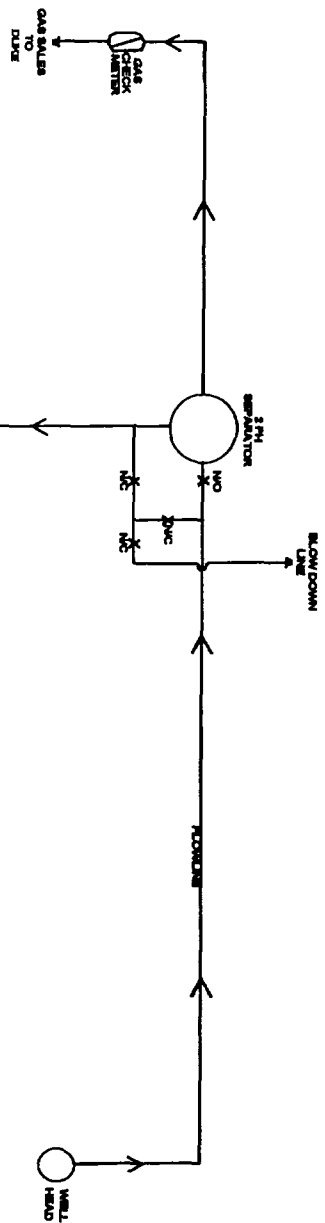
Nearburg Producing Company
3300 N. "A" Street, Bldg. 2, Ste. 120
Midland, TX 79707

Nearburg Producing Company

Jade 34 Federal Com #1

NM 97896

1980' FSL & 1150' FEL Section 34, T19S, R33E



PRODUCTION SYSTEM - OPEN

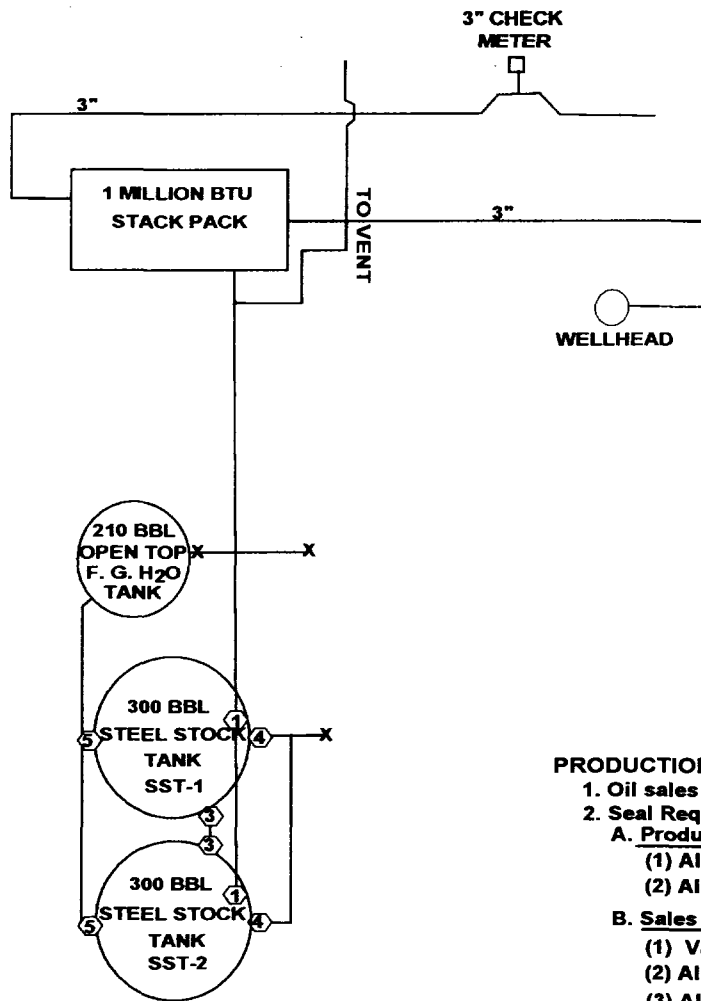
1. Oil sales by tank gauge to tank truck
2. Seal requirements:
 - A. Production Phase
 - (1) All valves 4 sealed closed
 - (2) All valves 5 sealed closed
 - B. Sales Phase (Sales from SST-1)
 - (1) Valve 1 on SST-1 sealed closed
 - (2) All valves 5 sealed closed

LOCATION OF SITE SECURITY PLANS

Nearburg Producing Company
3300 N. "A" Street, Bldg. 2, Ste. 120
Midland, Tx., 79705

Site Facility Diagram

Nearburg Producing Company
Viper 3 Federal #1
Unit J, 2200' FSL & 1600' FEL
Section 3, T20S, R33E
Lee County, New Mexico
NM #17238



PRODUCTION SYSTEM - OPEN

1. Oil sales by tank gauge to tank truck

2. Seal Requirements:

A. Production Phase:

(1) All valves 4 sealed closed

(2) All valves 5 sealed closed

B. Sales Phase (Sales from SST-1 & SST-2)

(1) Valve 1 on SST-1 & SST-2 sealed closed

(2) All valves 5 sealed closed

(3) All valves 3 sealed closed

LOCATION OF SITE SECURITY PLANS

Nearburg Producing Company
3300 N. "A" Street, Bldg. 2, Ste. 120
Midland, TX, 79705

Site Facility Diagram

Nearburg Producing Company

Jade "34" Federal Com. #2

NM 98896

990' FNL & 2310' FWL Section 34, T19S, R33E

Lea County, New Mexico