

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 12, 1996

**HAND DELIVERED**

Mr. William J. LeMay, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RECEIVED

FEB 17 1996

Oil Conservation Division

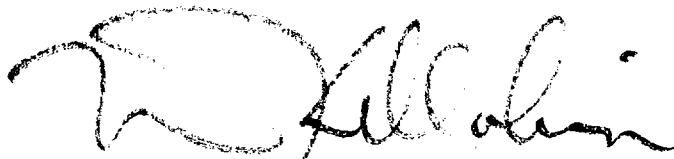
Re: Black River "10" Federal Well No. 1  
Application of Nearburg Exploration Company  
for an Unorthodox Gas Well Location,  
Eddy County, New Mexico

11-181

Dear Mr. LeMay:

On behalf of Nearburg Exploration Company, please find enclosed our Application for an unorthodox gas well location for its proposed Black River "10" Federal Well No. 1 which we request be set for hearing on the next available Examiner's docket now scheduled for March 7, 1996. Also enclosed is our proposed notice for the advertisement.

Very truly yours,



W. Thomas Kellahin

cc: Nearburg Producing Company  
Attn: Bob Shelton

Proposed notification/advertisement for OCD docket

Case 11481: Application of Nearburg Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its proposed Black River "10" Federal Com Well No. 1 at an unorthodox gas well location 1330 feet from the North line and 990 feet from the West line (Unit E) Section 10, Township 24 South, Range 26 East, NMPM, to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of said Section 10 and to be dedicated to any and all production therein including but not necessarily limited to the Undesignated South Carlsbad-Morrow Gas Pool. Said unit is located approximately 10 1/2 miles southwest from Whites City, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION  
OF NEARBURG EXPLORATION COMPANY FOR APPROVAL OF  
AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

CASE: 11481

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Oil Conservation Division

**APPLICATION**

Comes now NEARBURG PRODUCING COMPANY ("Nearburg"), by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its Black River "10" Federal Com Well No. 1 at an unorthodox gas well location 1330 feet from the North line and 990 feet from the West line (Unit E) Section 10, Township 24 South, Range 26 East, NMPM, to be dedicated to a standard 320-acre spacing units consisting of the W/2 of said Section 10 and to be dedicated to any and all production therein including but not necessarily limited to the South Carlsbad-Morrow Gas Pool.

In support thereof, Applicant states:

1. Nearburg has the right to drill and test for gas production in the W/2 of Section 10, T24S, R26E, NMPM, Eddy County, New Mexico.
2. Nearburg proposes to drill a well at an unorthodox gas well location in the W/2 of said Section 10 to test for Morrow production and if capable of producing then to be dedicated to the South Carlsbad-Morrow Gas Pool.
3. This proposed gas well will be located within one mile of the current boundaries of the following Morrow gas pools:
  - (a) South Carlsbad Morrow Gas Pool
  - (b) White City-Pennsylvanian Gas Pool

Nearburg Producing Company's  
OCD Application  
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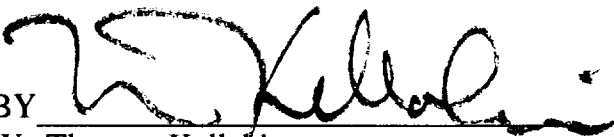
3. Nearburg proposed Black River "10" Federal Com Well No. 1 will be drilled at unorthodox location 1330 feet from the North line and 990 feet from the West line of said Section 10 because of geologic reasons in to attempt to recover any remaining recoverable gas reserves underlying W/2 Section 10 and thereby protect correlative rights and preventing waste.

4. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the remaining gas underlying this unit, 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.

5. Notification of this application has been sent to the offsetting operators and/or interested parties as required by Division rules and as identified on Exhibit "A" attached.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

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**EXHIBIT "A"**  
**NOTICE LIST**

Apache Corp  
2000 Post Oak Blvd. Suite 100  
Houston, Texas 77056

Dr. Haskell H. Bass, Jr.  
6823 S. Florence Avenue  
Tulsa, Oklahoma 74136

William A. Bradshaw III  
P. O. Box 1518  
Roswell, New Mexico 88202

Durham Inc.  
P. O. Drawer 273  
Midland, Texas 79702

First Century Oil Inc.  
P. O. Box 1518  
Roswell, New Mexico 88202

Mallon Oil Company  
999 18th Street, Suite 1700  
Denver, Colorado 80202  
Attn: Randy Stalcup

Marathon Oil Company  
P. O. Box 552  
Midland, Texas 79702  
Attn: Thomas C. Lowry, Esq.

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New York Life Oil & Gas  
Operating Partnerships, IIIC, IIID  
1331 Lamar Street, Suite 900  
Houston, Texas 77010

Read & Stevens  
P. O. Box 1518  
Roswell, New Mexico 88202

Rholyn, Ltd  
P. O. Drawer 273  
Midland, Texas 79702

Snow Oil & Gas, Inc.  
P. O. Box 1277  
Andrews, Texas 79714

W.A.D.I. Petroleum Inc.  
14405 Walter Rd, Suite 400  
Houston, Texas 77014

Wadt Petroleum, Inc.  
1010 First City Bank Towner  
Corpus Christi, Texas 78478