are 11521 / 11533

ARTESIA PROSPECT EDDY COUNTY, NEW MEXICO

NORTH HALF (N/2) OF SECTION 4, TOWNSHIP-18-SOUTH, RANGE-28-EAST

SPACING UNIT FOR HUMMER STATE "4" COM #1 WELL (1650' FEL & 1310' FNL) RIGHTS BELOW 5000'

MORROW 320 ACRE UNIT

AS OF JUNE 1, 1996

C 1 B FINA75%WI46%NR Arco 100%WI Mewbourne Oil NEARBURG 87.50%NRI 100%WI **OXY 100%WI** 12.5%WI 7.8%NRI 75%NRI BRUNO&MARSHAL 82.50%NRI 12.5%WI 7.8%NRI Nearburg location G F H 100.00%WI Mewbourne Location Mewbourne Oil ~ 990'FWV -62.50%NRI 100% WI 75%NRI NEC

Division of Interest for the N/2 of Section 4-18/28

Nearburg Exploration Company.1406250Mewbourne Oil Company.3750000Arco Permian Corporation.1250000Oxy U. S. A..2500000Fina Oil and Chemicals.0937500Earl R. Bruno, Jr..0078125Robert H. Marshall.00781251.0000000

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	BEFORE EXAMINER STOGNER
	OIL CONSERVATION DIVISION
Ne	Rbrag EXHIBIT NO
	NO. 11521

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 28, 1996

Mr. Robert H. Marshall P. O. Box 1422 Midland, Texas 79702

Re: Well Proposal; Hummer State "4" Com. No. 1 Well 1310' FNL and 1650' FEL of Section 4, T-18-S, <u>Range 28 East, Eddy County, New Mexico</u> Artesia Prospect

Dear Mr. Marshall:

Enclosed herewith please find an AFE prepared by Nearburg Producing Company for the Hummer State "4" Com No. 1 well at a proposed location of 1310' FNL and 1650' FEL of Section 4, T-18-S, R-28-E, Eddy County, New Mexico. Nearburg Exploration Company, L.L.C. (Nearburg) proposes the drilling of this well to a depth of 10,900' to test the Morrow formation. This well is a proposed on a 320-acre proration unit consisting of the N/2 of Section 4, T-18-S, R-28-E, Eddy County, New Mexico. Nearburg owns a 14.0625% working interest in this acreage and you own 0.78125%.

Nearburg would like to drill this well as soon as possible and pursuant thereto, we have enclosed an Operating Agreement dated March 27, 1996 covering the proration unit for the well, limited in depth as reflected on Exhibit "A" attached to the Operating Agreement. We invite you to participate in the drilling of this well.

Our record checks reflect what we believe to be expired Operating Agreements covering a portion of the tracts included in the proration unit for this well proposal. If it is determined that any of said Operating Agreements are currently effective for the proration unit for the well, this well proposal is made pursuant to the terms thereof.

In the alternative, if you decline to participate in the drilling of the well, Nearburg would like to acquire your interest under the terms of a two-year term assignment at \$350 per net acre.

We would appreciate your response as soon as possible to avoid a compulsory pooling.

Thank you for your cooperation. If you have any questions, please feel free to contact the undersigned.

Yours very truly,

CAL

Bob Shelton Land Manager

BS:kg

Enclosure

word/msoffice/winword/bs-2\artesia-marshall.ltr

	AND THE OWNER OF THE OWNER OF THE OWNER
EEFORE EXAMINER STO	GNER
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Nosahung Exhibit NO	2
CASE NO. 11521	
CASE NO.	

NZALVII CLOUVEIII COMPANY Exploration and Production Datas, Taxas

AUTHORITY FOR EXPENDITURE

WELL NAME: Hummer State "4" ComWELL NUMBER: 1PROPOSED TOLOCATION: 1310' FNL and 1650' FEL of Section 4, T-18-S, R-28-E, Eddy County, New MexicoFIELDUndesignated MorrowPROSPECT: ArtesiaEXPLORATORYDESCRIPTION OF WORK: Drill and complete as a Morrow gas producerEXPLORATORYEXPLORATORYEXPLORATORY

PROPOSED TOTAL DEPTH: 10,900' ounty, New Mexico EXPLORATORY,DEVELOPMENT,WO: E

RIPTION OF WORK: Drill and complete as a Morrow gas pr

EST. COMPLETION DATE:

DATE PREPARED: 3/27/96 ACCOUNTING WELL NUMBER: COMMUNICATIONS ACCOUNT NUMBER:

EST. SPUD DATE: 06/01/96 I. COMPLETION DATE 07/15/96

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 10,900 Ft @ 19.00 \$/Ft	1514 101		NA		207,100
Drilling Daywork D/C/\$/day 3 2 4500	1514 105		1515 105	9,000	22,500
Drilling Turnkey	1514 110		1515 110		0
Rig Mobilization and Demobilization	1514 115		1515 115		0
Road & Location Expense	1514 120	15,000	1515 123	1,500	16,500
Damages	1514 125	3,000	1515 125		3,000
Directional Drilling - Tools and Service	1514 130		1515 130		0
Drilling Fluids	1514 135	25,000	NA		25,000
Fuel, Power, and Water	1514 140	10,000	1515 140	2,000	12,000
Supplies - Bits	1514 145		1515 145	500	500
Supplies - Casing Equipment	1514 150	2,500	1515 150	7,000	9,500
Supplies - Liner Equipment	1514 155		1515 155		0
Supplies - Miscellaneous	1514.180	1,500	1515 160	500	2,000
Cement and Cmt. Services - Surface Csg	1514 185	4,000	NA		4,000
Cement and Cmt. Services - Int. Csg	1514 170	10,000	NA		10,000
Cement and Cmt. Services - Prod. Csg	NA		1515 172	25,000	25,000
Cement and Cmt. Services - Other	1514 175		1515 175		0
Rental - Drilling Tools and Equipment	1514 180	5,000	1515 180		5,000
Rental - Miscellaneous	1514 185	500	1515 185	2,500	3,000
Testing - Drill Stem / Production	1514 195	6,000	1515 195	1,500	7,500
Open Hole Logging	1514 200	25,000	NA		25,000
Mudlogging Services	1514 210	10,000	NA		10,000
Special Services	1514 190		1515 190		0
Plug and Abandon	1514 215	12,000	1515 215	(12,000)	0
Pulling and/or Swabbing Unit	NA		1515 217	7,500	7,500
Reverse Equipment	NA		1515 219	1,000	1,000
Wireline Services	1514 205		1515 205	10,000	10,000
Stimulation	NA		1515 221	10,000	10,000
Pump / Vacuum Truck Services	1514 220	500	1515 220	1,500	2,000
Transportation	1514 225	1,500	1515 225	2,500	4,000
Tubular Goods - Inspection & Testing	1514 230		1515 230	7,500	7,500
Unclassified	1514 245		1515 245		0
Telephone and Radio Expense	1514 240	1,000	1515 240	250	1,250
Engineer / Geologist / Landman	1514 250	5,000	1515 250	1,800	6,800
Company Labor - Field Supervision	1514 255	12,000	1515 255	4 500	16,500
Contract Labor / Roustabout	1514 285	2,000	1515 285	2 500	4,500
Legal and Professional Services	1514 270	2,500	1515 270	500	3,000
Insurance	1514 275	9,500	1515 275		9,500
Overhead	1514 280	6,000	1515 280	1,250	7,250
SUBTOT.AL		390,100		88,300	478,400
Continger _i cies (10%)		39,010	-	8,830	47,840
ESTIMATED TOTAL INTANGIBLES		429,110		97,130	526,240

e	EFORE EXAMINER STOGNER
c	NL CONSERVATION DIVISION
Nem	bing EXHIBIT NO. 3
CASE 1	0 11521
25/2400-1015-TPP2-04	an a

Nearburg Producing Company

Exploration and Production Dallas, Texas

AUTHORITY FOR EXPENDITURE

WELL NAME: Hummer State "4" Com	WELL NUMBER: 1	PROPOSED TOTAL DEPTH: 10,900'			
LOCATION: 1310' FNL and 1650' FEL of Se	ction 4, T-18-S, R-28-E, Eddy Cou	nty, New Mexico			
FIELD: Undesignated Morrow	PROSPECT: Artesia	EXPLORATORY, DEVELOPMENT, WO: E			
DESCRIPTION OF WORK: Drill and complete as a Morrow gas producer					

06/01/96

EST. SPUD DATE:

DATE PREPARED: 3/27/96 ACCOUNTING WELL NUMBER: COMMUNICATIONS ACCOUNT NUMBER:

EST. COMPLETION DATE: 07/15/96

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1520 305		NA		0
Surface Csg 600 Ft @ 20.00 \$/Ft	1520 310	12,000	NA		12,000
Intermediate Csg 2,800 Ft @ 15.00 \$/Ft	1520 315	42,000	NA		42,000
Protection Csg	1520 320	Ō	NA		
Production Csg 10,900 Ft @ 12.00 \$/Ft	NA		1522 325	130,800	130,800
Protection Liner	1520 330		NA		
Production Liner	NA		1522 335		
Tubing 10,700 Ft @ 3.10 \$/Ft	NA		1522 340	33,170	33,170
Rods Ft @ \$/Ft	NA		1522 345	0	0
Artificial Lift Equipment	NA		1522 350		0
Tank Battery	NA		1522 355	10,000	10,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522 380	12,000	12,000
Well Head Equipment & Christmas Tree	1520 365	1,500	1522 365	10,000	11,500
Subsurface Well Equipment	NA		1522 370	5,000	5,000
Flow Lines	NA		1522 375	5,000	5,000
Saltwater Disposal Pump	NA		1522 391		0
Gas Meter	N.4		1522 385	2,500	2,500
Lact Unit	NA		1522 387		0
Vapor Recovery Unit	NA		1522 389		0
Other Well Equipment	NA		1522 380		
ROW and Damages	NA		1522 393	1500	
Surface Ecuipment Installation Costs	NA		1522 395	5,000	5,000
Elect. Installation	NA		1522 397		0
ESTIMATED TOTAL TANGIBLES	-	55,500		214,970	270,470
ESTIMATED TOTAL WELL COSTS		484,610		312,100	796,710

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY:	TRM	3/27/96
REVIEWED BY:		
APPROVED BY:		

WI APPROVAL:	COMPANY	
	BY	
	TITLE	
ARTESIA3 WK4		· · · · · · · · · · · · · · · · · · ·

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. 11521

Application of Nearburg Exploration Company for Compulsory Pooling, Hummer State "4" Com Well No. 1 Eddy County, New Mexico.

CERTIFICATE OF MAILING AND COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of Nearburg Exploration Company, states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on the 23rd day of April, 1996 I caused to be sent, by certified mail return receipt requested, notice of this hearing and a copy of the application for the referenced case along with the cover letter, at least twenty days prior to the hearing set for June 13, 1996, to the parties shown in the application as evidenced by the attached copies of receipt cards, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me on this 12th day of June 1996.

Notary Pub	lic
My Commission Expires: June 15th, 1998	BEFORE EXAMINER STOGNER
	OIL CONSERVATION DIVISION
	NOTROUG EXHIBIT NO. 4
	CASE NO.

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