

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF NEARBURG PRODUCING COMPANY, L.L.C.,
AN UNORTHODOX LOCATION AND
DIRECTIONAL DRILLING
EDDY COUNTY, NEW MEXICO.

CASE NO. 11690

APPLICATION

NEARBURG PRODUCING COMPANY, L.L.C. ("Nearburg"), by its undersigned attorneys, hereby makes application for approval of an unorthodox well location and for directional drilling and in support thereof states:

1. Nearburg is the operator of an existing 320-acre spacing and proration unit in the Canyon formation, Undesignated Indian Basin-Upper Pennsylvanian Associated Pool, comprised of the N/2 of Section 11, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico which is dedicated to its Chama Federal No. 1 Well located 780 feet from the North line and 1350 feet from the East line of Said Section 11.

2. Nearburg proposes to directionally drill its proposed McKittrick Federal 11 Well No. 1-Y as an additional Cisco Canyon well on this spacing unit as permitted by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico. This new well will be drilled from a surface location 2310 feet from the South line and 960 feet from the East line to a bottom hole location 2550 feet from

the North line and 400 feet from the East line of said Section 11. This N/2 spacing unit will be simultaneously dedicated to these wells and will be the "project area" for the McKittrick Federal 11 Well No. 1-Y which Nearburg seeks authority to directionally drill from a standard surface location 2310 feet from the South line and 960 feet from the East line (Unit I) of Section 11, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico. Nearburg proposes to directionally drill in a northeasterly direction to a bottomhole location within 100 feet of a point 2550 feet from the North line and 400 feet from the East line of said Section 11 in the Canyon formation. The bottomhole location is unorthodox since it will be closer to the southern and eastern boundary of the project area than permitted by rule.

3. Approval of this application and the drilling of the proposed well will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Nearburg Producing Company, L.L.C., requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on January 9, 1997, and after notice and hearing as required by law, the Division enter its order granting this application (1) approving an unorthodox bottomhole location for the well 2550 feet from the North line and 400 feet from the East line of Section 11, Township 22 South, Range 24 East; and (2) authorizing the directional drilling of said well in the Canyon formation.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR NEARBURG
PRODUCING COMPANY, L.L.C.

CASE 11690:

Application of Nearburg Producing Company, L.L.C., for an unorthodox bottomhole location and directional drilling, Eddy County, New Mexico. Applicant in the above-styled cause seeks authorization to directionally drill its McKittrick Federal 11 Well No. 1-Y from a surface location 2310 feet from the South line and 960 feet from the East line to an unorthodox bottomhole location 2550 feet from the North line and 400 feet from the East line of Section 11, Township 22 South, Range 24 East, NMPM in the Canyon formation, Undesignated Indian Basin-Upper Pennsylvanian Associated Pool. The N/2 of said Section 11 shall be the project area for this well which will be simultaneously dedicated to the new well and the existing Chama Federal No. 1 Well located 780 feet from the North line and 1350 feet from the East line of the Section. Said area is located approximately 12 miles west of Carlsbad, New Mexico.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
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December 17, 1996

11690

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

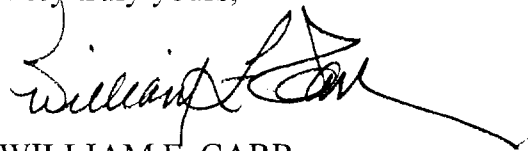
Re: Application of Nearburg Producing Company, L.L.C. for an unorthodox
bottomhole location and directional drilling, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Nearburg Producing Company, L.L.C. in the
above-referenced case as well as a copy of a legal advertisement. Nearburg requests that
this matter be set for hearing before a Division Examiner on January 9, 1997.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Bob Shelton (w/enclosures)