

DATE 6/3/99	SUBSENE 6/23/99	ENGINEER MS	LOGGED KN	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**

- Engineering Bureau -

Case 12212

**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

Check One Only for [B] and [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

99 JUN -3 PM 3:31

OIL CONSERVATION DIV.

**[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,

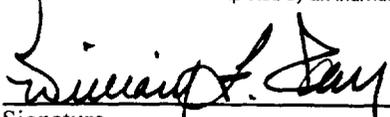
[F]  Waivers are Attached

**[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 understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

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

William F. Carr  
Print or Type Name

  
Signature

Attorney  
Title

June 3, 1999  
Date

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

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BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
KATHERINE M. MOSS  

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E-MAIL: ccbspa@ix.netcom.com

June 3, 1999

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Case 12212

Re: *Application of Nearburg Exploration Company, L.L.C. for Administrative Approval of an Unorthodox Well Location for its Diamondback "25" Federal Well No. 1 to be drilled 990 feet from the South line and 660 feet from the East Line of Section 25, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico*

Dear Ms. Wrotenbery:

Nearburg Exploration Company, L.L.C. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Diamondback "25" Federal Well No. 1 to be drilled to the Morrow formation, Undesignated East Lusk-Morrow Gas Pool, at an unorthodox well location 990 feet from South line and 660 from the East line of Section 25, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico. The E/2 of Section 25 will be dedicated to the well.

The well will be drilled to a depth sufficient to test the Morrow formation. This location in the Morrow formation is unorthodox because it is governed by the Division Rule 104.B. (1)(a) which provides for wells at this depth on 320-spacing units to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
June 3, 1999  
Page 2

inner boundary.

Attached hereto as Exhibit A is a plat, as required by Rule 104.F (3), showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

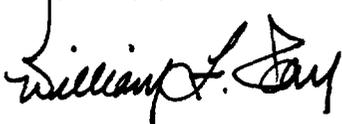
This unorthodox location is required by geological conditions in the Morrow formation. Attached hereto as Exhibit B is a structure map on the top of the Morrow formation which shows the proposed location would be located along the western portion of a large Morrow feature at the same structural position to as offsetting Morrow producers. Exhibit C is an isopach map of the Morrow "C" Sand which shows the proposed location to be within a well developed Northwest-Southeast trending sand fairway. Exhibit D is a stratigraphic cross section which shows the productive sand lenses in the Morrow "B" and "C" sand sections in the area of interest. A Geological Discussion is also enclosed as Exhibit E which further demonstrates that the proposed unorthodox location is supported by geological data.

Exhibit F lists parties affected by this application. A copy of this application, including a copy of the plat described above has been sent to the affected parties by certified mail-return receipt requested in accordance with Rule 1207 (A)(5) advising them that if they have an objection to this application it must be filed in writing within twenty days from the date this notice was sent.

Also enclosed is a proposed order approving this application.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR  
Attorney for Nearburg Exploration Company, L.L.C.

Enclosures

cc: Mr. Duke Roush  
Nearburg Exploration Company, L.L.C.

Nearburg Exploration Company, L.L.C.  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705

Attention: Duke Roush

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Roush:

Reference is made to your application dated June 3, 1999, for an unorthodox well location for a well to be drilled to the Morrow formation, Undesignated East Lusk-Morrow Gas Pool, for your proposed Diamondback "25" Federal Well No.1. Said well to be drilled to a bottom hole location in the Morrow formation 990 feet from the South line and 660 feet from the East line (Unit P) of Section 25, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

A 320-acre spacing and proration unit in the Morrow formation comprising the E/2 of said Section 25 is to be dedicated to said well.

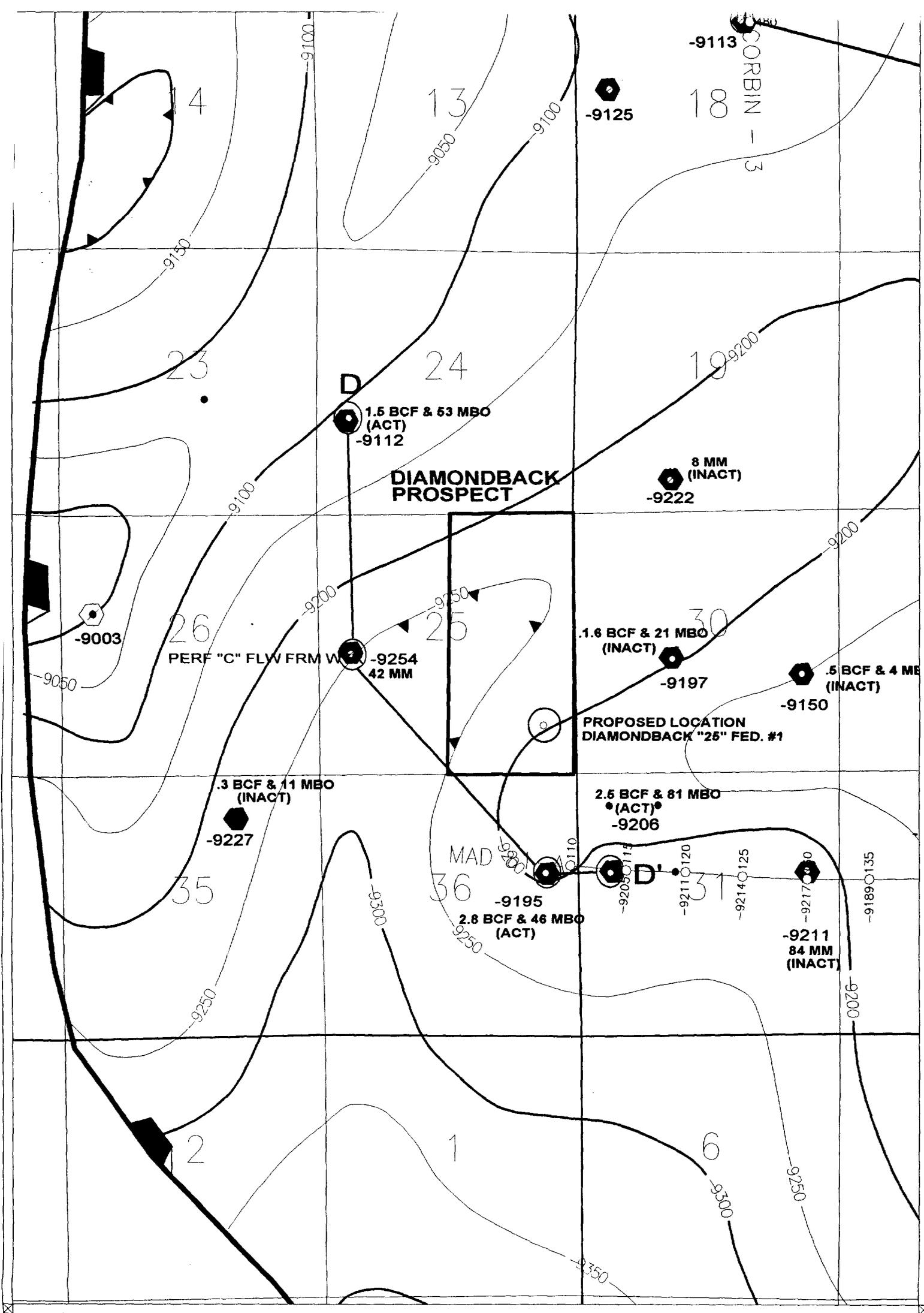
By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

cc: Oil Conservation Division - Hobbs/Artesia  
U. S. Bureau of Land Management - Carlsbad





**LEGEND**

● MORROW SAND PRODUCER

**EXHIBIT B**

**Nearburg Producing Company**  
Exploration and Production  
Midland, Texas

**DIAMONDBACK PROSPECT  
LEA COUNTY, NEW MEXICO**

**STRUCTURE MAP  
TOP MORROW**

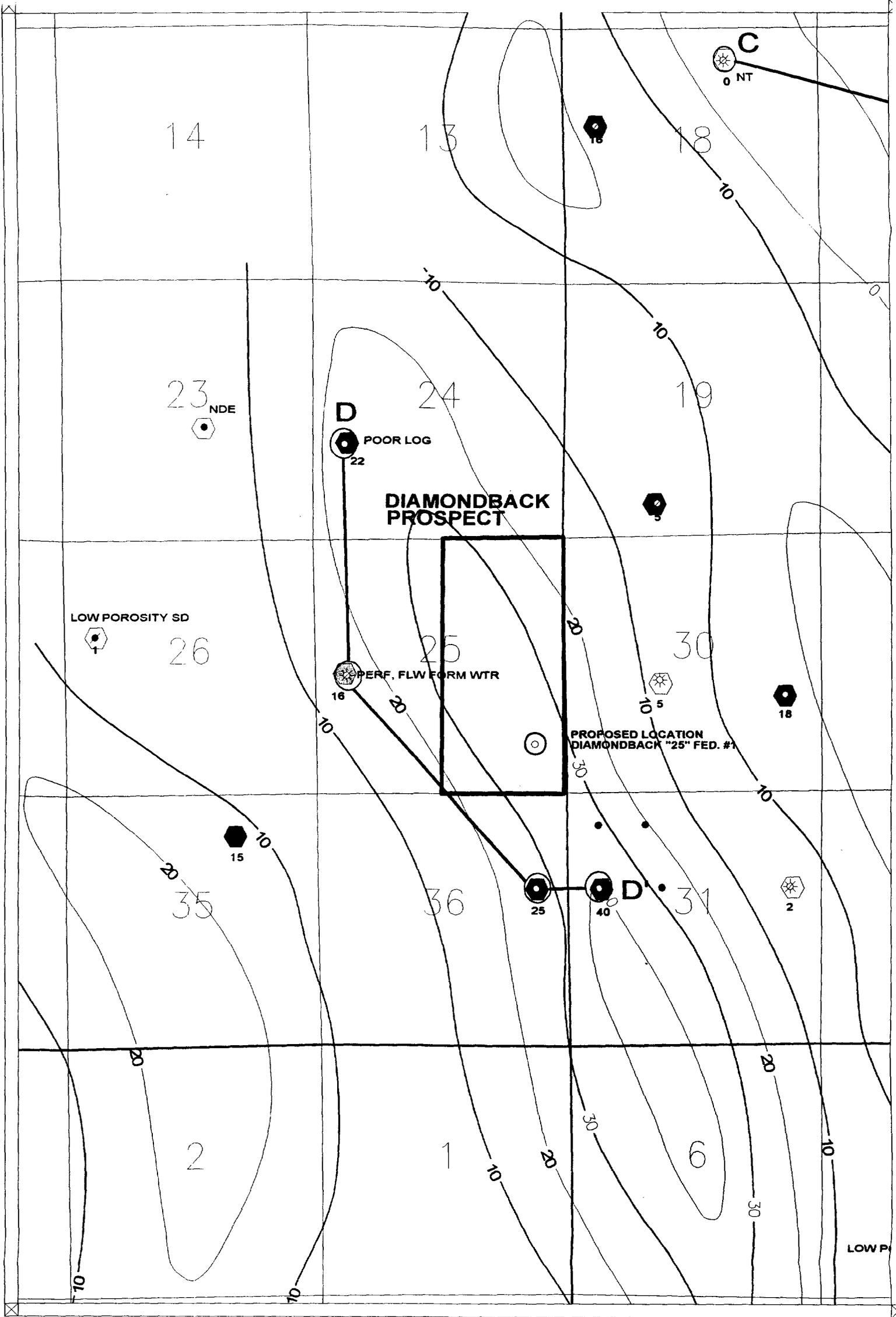
C.I. = 30'

GEOLOGIST	DATE	DRAWN BY	FILE NO.
T. F. GAWLOSKI	5/69	PLD	TMRW.GPF

Scale 1:24000

1000. 0. 1000. 2000. 3000. 4000. 5000. feet

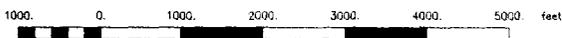




**LEGEND**

-  MORROW "C" SAND PRODUCER
-  MORROW "C" SAND SHOW
-  MORROW "C" SAND WET

Scale 1:24000



**EXHIBIT C**



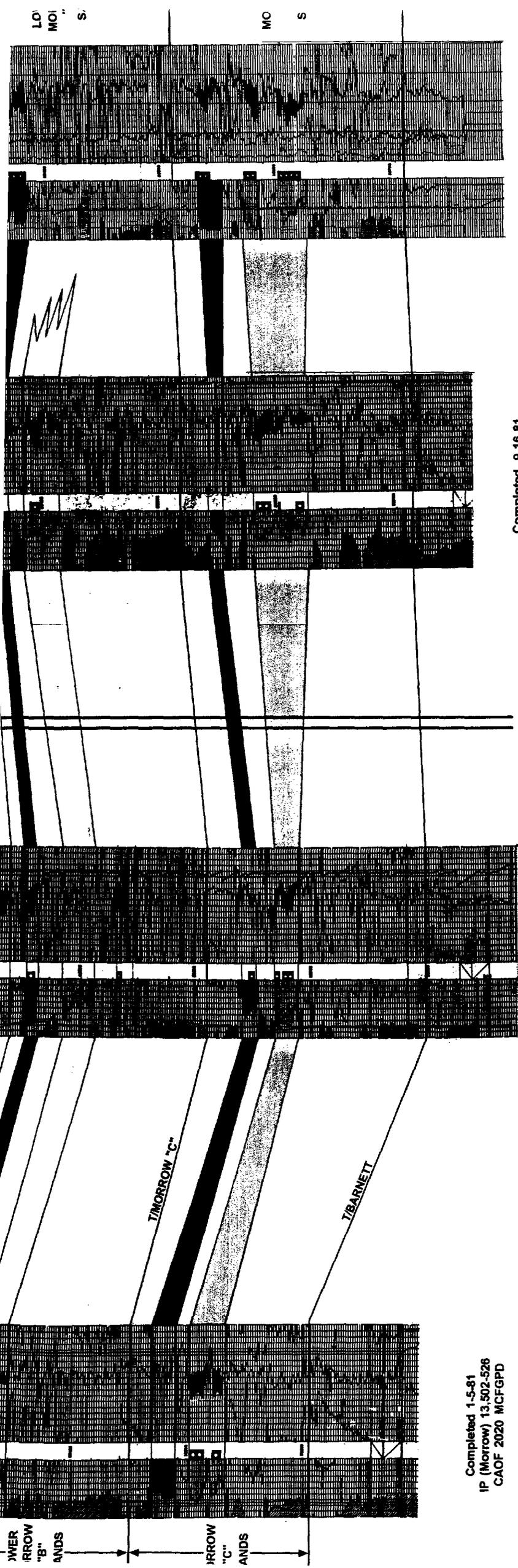
**Nearburg Producing Company**  
 Exploration and Production  
 Midland, Texas

**DIAMONDBACK PROSPECT**  
 LEA COUNTY, NEW MEXICO

**ISOPACH MAP**  
 MORROW "C" SAND  
 $\phi \geq 8\%$

CL = 10'

GEOLOGIST	DATE	DRAWN BY	FILE NO.
T. F. GAWLOSKI	5/89	PLD	ISOMC.GPF



Completed 1-5-81  
 IP (Morrow) 13,502-526  
 CAOF 2020 MCFGPD

Perf: 13,502-514, 13,522-526 w/2 spf,

CUM: 1.5 BCF + 53 MBO  
 LT(11-98) GAS NR 6 BOPD

Completed 7-13-82  
 IP (Morrow) 13,454-650  
 F 1370 MCFGPD

Perf: 13,669-672, 13,675-684

Acid, w/ 1000gals. Flwd Wtr W/No Show Gas  
 Perf: 13,454-460, 13-531-535, 13-646-650

13,454-650 - Flwd 1900 MCF, 16764" Chk, FTP 1300#

CUM: 42 MMCFG + 4 MBO

Workover 10-84

Perf: 13,398-405, 13,415-421, 13,423-429

SWBD 10 BW w/small amt. gas  
 TA 10-24-84

Recompleted 6-89 (Bone Spring)  
 CUM: 20 MBO + 21 MMCFG  
 LT (12-97) P 3 BOPD + 5 MCFGPD

Completed 9-16-81  
 IP (Morrow) 13,584-624  
 F 624 MCFGPD

Perf: 13,603-606, Flwd 350 MCFGPD  
 6 3/4 hrs on 8/64" Chk

Perf: 13,584-586, 13,618-624

Flwd: 937 MCFGPD + 1 BC + BW

1" choke, FTP 330# - Acid. w/4000 gals.

Flwd: 680 MCFGPD + 1 BC + 11 BW /12 hrs.  
 Bridgeplug @ 13,545

Recompleted 1-7-90

IP (Morrow) 13,390-13,398

2250 MCFGPD + 9 BCPD 12/64" Chk, FTP 3745#

CUM: 2.8 BCF + 48 MBO

Completed 12-11-90  
 IP (Morrow) 13,233-13,382, 13,553-13,624  
 F 3202 MCFGPD + 187 BCPD

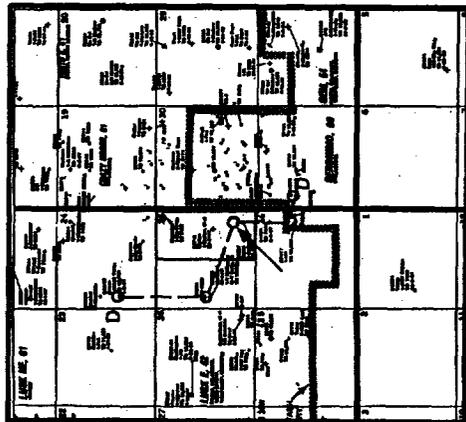
Perf: 13,323-242, 13,274-287, 13,312-314,  
 13,322-327, 13,332-348, 13,360-382,  
 13,533-545, 13,573-583, 13,604-624

CUM: 2.5 BCF + 81 MBO

LT(11-98) F 795 MCFGPD + 22 BCPD

**ILLEGIBLE**

EXHIBIT D



Weathering Producing Company  
 Exploration and Production  
 Midwest, Texas  
**Diamondback Prospect**  
 Lea County, New Mexico  
**Morrow Stratigraphic**  
**Cross Section D - D'**

DATE	BY	REVISION	DATE
10/24/84	BRB	1	10/24/84



GRACE PETROLEUM CORP.  
 WEST TONTO FED. COM. #1  
 1980'FSL 660'FWL  
 24-19S-32E  
 K.B. = 3626



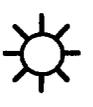
GRACE PETROLEUM CORP.  
 WEST TONTO 'A' FED.COM. #1-Y  
 2450'FSL 660'FWL  
 25-19S-32E  
 K.B. = 3604



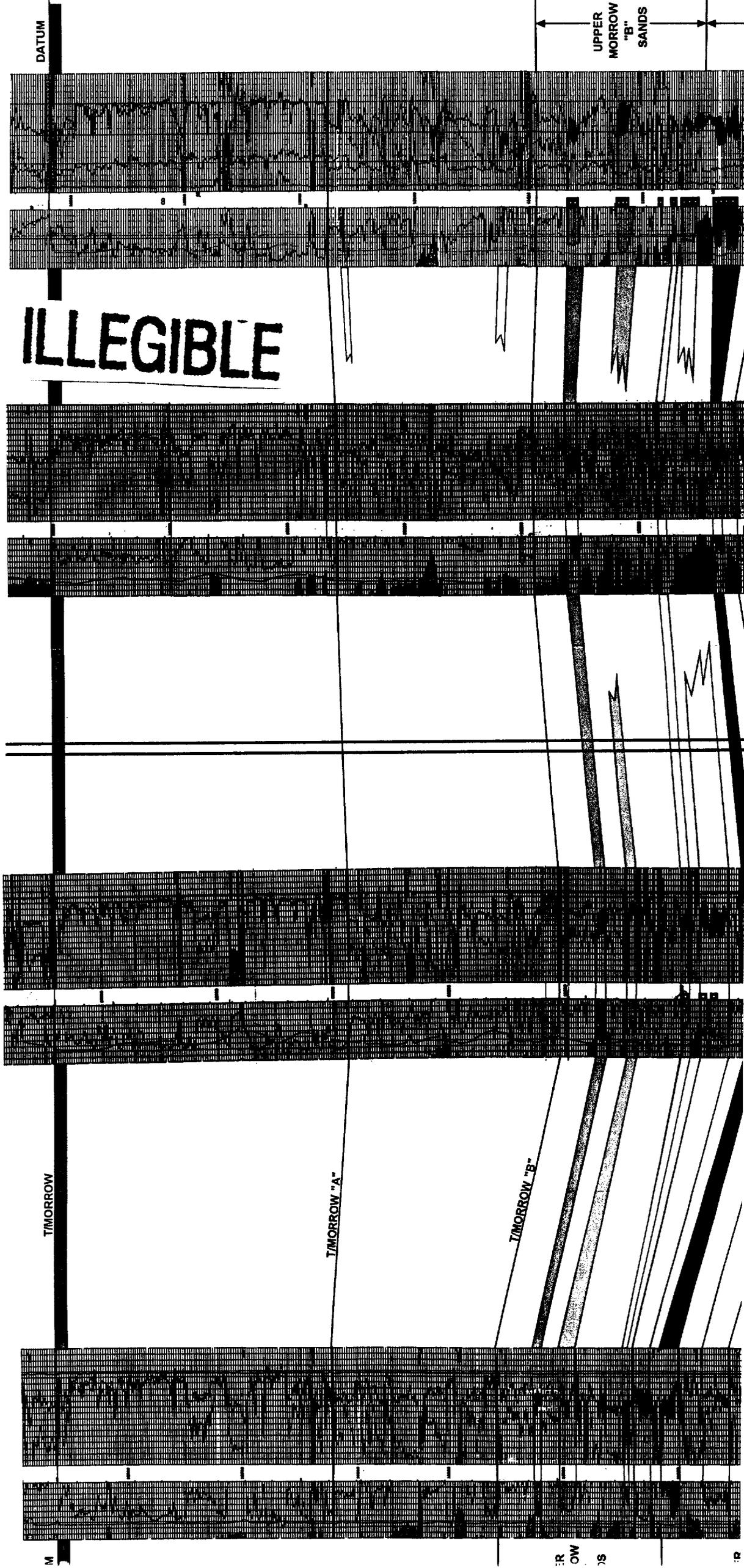
NEARBURG PRODUCING CO.  
 DIAMONDBACK "25" FED #1  
 990'FSL 660'FEL  
 25-19S-32E



UNION OIL CALIF.  
 STATE HH #1  
 1980'FNL 660'FEL  
 36-19S-32E  
 K.B. = 3603



MITCHELL ENERGY CORP.  
 GERONIMO FEDERAL #2  
 1980'FNL 660'FWL  
 31-19S-33E  
 K.B. = 3597



**UNORTHODOX LOCATION  
NEARBURG PROD. CO. ,  
DIAMONDBACK "25" FED. #1  
990' FSL & 660' FEL, SEC. 25-T19S-R32E  
LEA COUNTY, NEW MEXICO**

**GEOLOGICAL DISCUSSION**

The Nearburg Producing Co., Diamondback "25" Fed. #1 well is located along the northern portion of the Delaware Basin in central Lea County, New Mexico. The proposed 13,700' test is projected to encounter the gas productive sands of the (Pennsylvanian) Morrow Formation. The Morrow, in this area of Lea County, produces from multiple sand lenses within the Morrow "B" and "C" sand sections from both structural and stratigraphic traps.

The Diamondback "25" Fed. #1 well has been placed at an unorthodox location of 990' FSL & 660' FEL principally to maintain a positive structural position. The structural position of the Morrow sands is important in this area of Lea County. There are several wells situated off structure that produce water. In fact, the Grace Petroleum, West Tonto "A" Fed. Com. # 1Y well, located just  $\frac{3}{4}$  mile northwest of the proposed location, recovered formation water on a production test across the Morrow "C" sand interval. The enclosed structure map shows that the proposed location would be located along the western portion of a large Morrow structural feature ~ 50ft. high to the West Tonto "A" #1Y well. In addition, the proposed location is at the same structural position as the 2 closest Morrow producers; the Union, State "HH" #1 (NE/4 of Sec.36-19S-32E) and the Mitchell Energy, Geronimo Federal #2 (NW/4 of Sec.31-19S-33E) both of which produce from multiple sands within the Morrow "B" and "C" sections (cross section D-D').

The enclosed Morrow "C" sand isopach also shows that the proposed location to be within a well developed NW-SE trending sand fairway. The Morrow "C" sands are productive in 3 out of the 4 wells along this trend. The one non-productive well has well developed sand but tested water.

The well defined Morrow "C" sand trend along with the favorable structural position should increase the chances of recovering gas from the Morrow formation at the proposed unorthodox location.

## **EXHIBIT F**

### **AFFECTED PARTIES**

Application of Nearburg Exploration Company, L.L.C. for  
administrative approval of an unorthodox well location  
Diamondback "25" Federal Well No.1  
990 feet from the South line and 660 feet from the East line  
Section 25, Township 19 South, Range 32 East, NMPM  
Lea County, New Mexico

Matador Petroleum Corporation  
8340 Meadow Road, Suite 158  
Pecan Creek  
Dallas, TX 75231-3751

Mitchell Energy & Development Corp.  
Post Office Box 4000  
The Woodlands, TX 77387-4000

Kaiser-Francis Oil Company  
Post Office Box 21468  
Tulsa, OK 74121