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October 26, 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

99 OCT 27 AM 12:14  
OIL CONSERVATION DIV.

***Re: Application of Nearburg Producing Company, L.L.C. for Administrative Approval of an Unorthodox Well Location for its South Boyd 27 #10 Well, 510 feet from the North line and 990 feet from the East line of Section 27, Township 19 South, Range 25 East, Eddy County, New Mexico***

Dear Ms. Wrotenbery:

Nearburg Producing Company hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2), of an unorthodox well location, Cemetery Morrow pool, for its South Boyd 27 #10 Well, which well is to be located 510 feet from the North line and 990 feet from the East line of Section 27, Township 19 South, Range 25 East, Eddy County, New Mexico. The N/2 of Section 27 will be dedicated to the well.

Nearburg requests approval of the unorthodox location because drilling the well at a standard location of 660 feet from the North line of Section 27 will place the well pad in the middle of the Dagger Draw, a topographical watershed feature which will cause the well pad to be washed out or damaged frequently. This location in the Morrow formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-acre spacing units to be located no closer than 660 feet to the nearest section line. Attached hereto as Exhibit A is a plat showing the subject spacing unit, the location of the South Boyd 27 #10 Well, and the diagonal and adjoining spacing units and wells.

Nearburg Producing Company is the designated operator of all of the immediately adjoining and diagonal spacing units in the Morrow formation toward which the unorthodox location encroaches. Accordingly, there are no affected parties to whom notification of this Application should be provided pursuant to Division Rule 1207(A)(2).

In support of this Application, I have enclosed the following:

- 1) A Locator Plat, showing the location of the proposed well in Eddy County, New Mexico;
- 2) A Lease Plat, showing the proposed spacing unit, the proposed unorthodox well location, and the adjoining spacing units and wells. The Lease Plat also shows the operatorship of the offsetting spacing units. As detailed above, all offsetting spacing units, which might be affected by the proposed unorthodox location, are operated by Nearburg Producing Company;
- 3) A Topographical Map, showing the location of the proposed well location in relation to the topographical watershed Dagger Draw. Also shown on the Topographical Map is the fact that a standard well location would be placed in the middle of the Dagger Draw; and,
- 4) A Morrow Lower "B" Gross Sand Isopach Map, showing that the moving of the well location from a standard to the requested unorthodox location, will not lead to waste or any impairment of correlative rights.

Also enclosed are paper and disk copies of a proposed order approving this application.

Your attention to this matter is greatly appreciated.

Very truly yours,

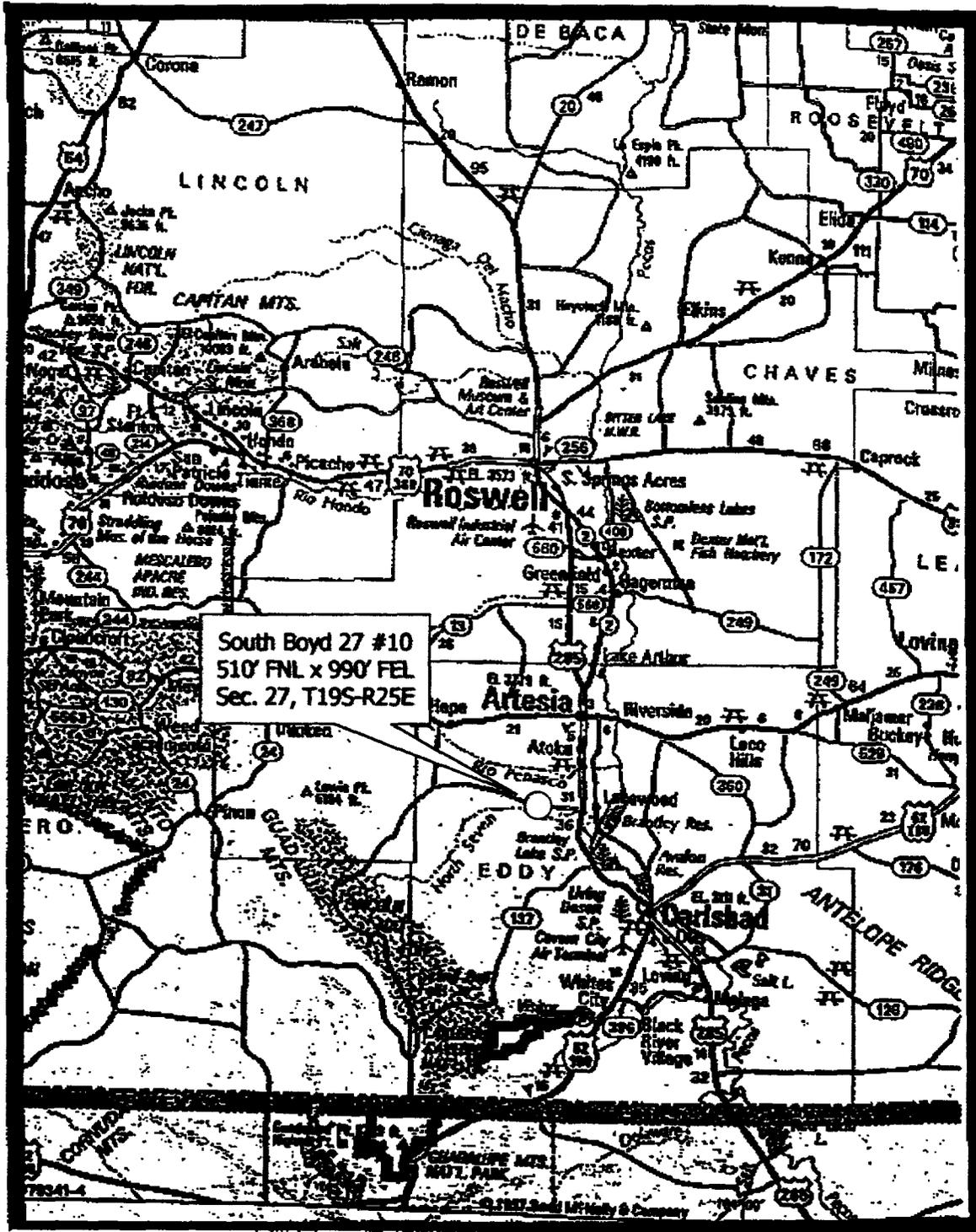


Paul R. Owen  
Attorney for Nearburg Producing Company

Enclosures

cc: Chip Barker  
Nearburg Producing Company

Locator Plat  
Nearburg Producing Company  
South Boyd 27 #10  
Eddy County, New Mexico

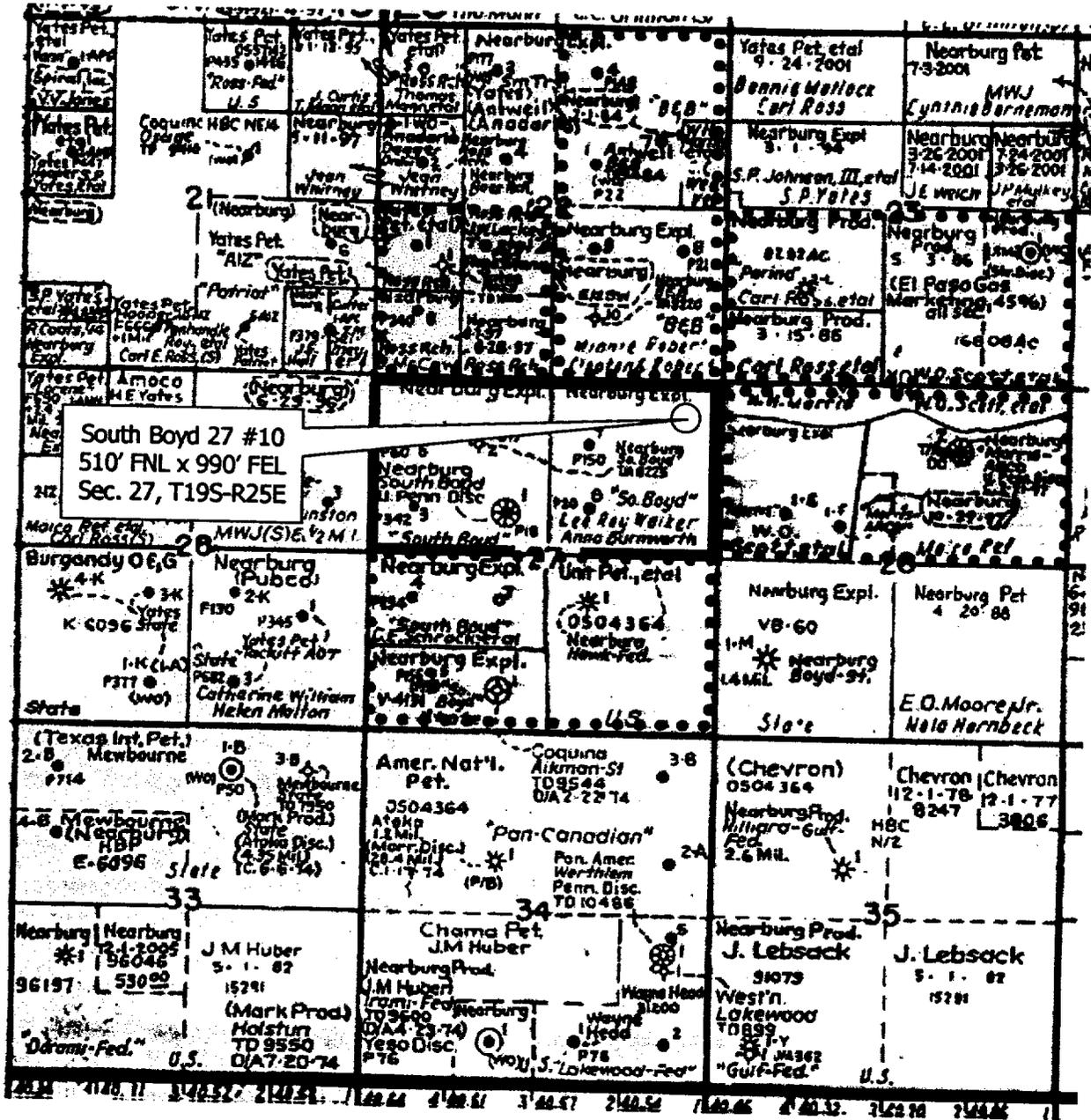


# Lease Plat

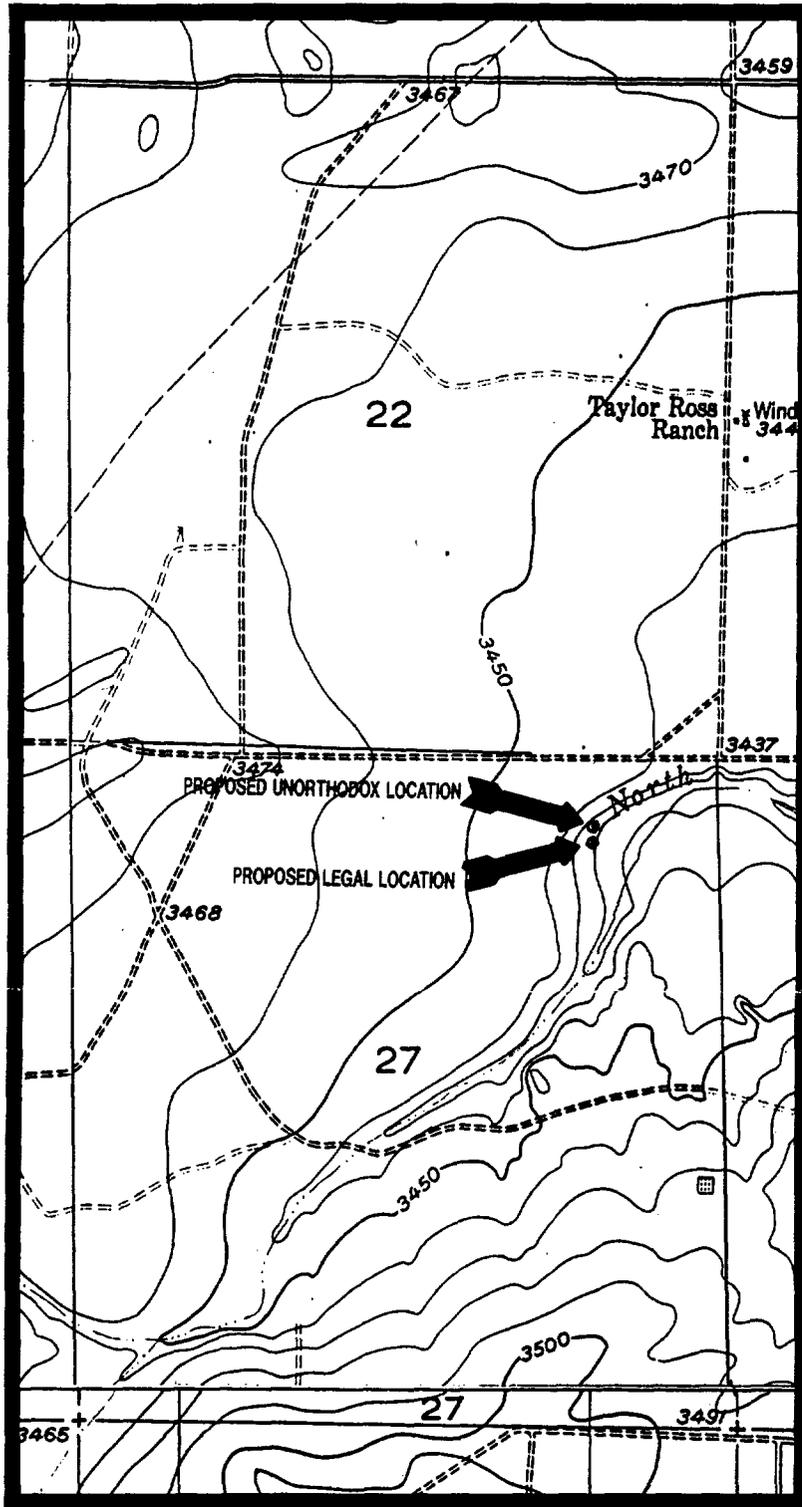
## Nearburg Producing Company

### Section 27, T19S-R25E

### Eddy County, New Mexico



- Nearburg Proposed Unit
- Nearburg Producing Unit



Nearburg Producing Company  
 Exploration and Production  
 Midland, Texas

**SOUTH BOYD 27 #10**  
**EDDY COUNTY, NEW MEXICO**

**TOPO MAP**

| GEOLOGY BY  | DATE  | DRAWN BY     | FILE NO. |
|-------------|-------|--------------|----------|
| J. B. ELGER | 10/99 | Ken Billings |          |

**Draft--October 26, 1999**

(Date)

Nearburg Producing Company  
c/o Campbell, Carr, Berge & Sheridan, P.A.  
110 North Guadalupe  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

***Re: Application of Nearburg Producing Company, L.L.C. for Administrative Approval of an Unorthodox Well Location for its South Boyd 27 #10 Well, 510 feet from the North line and 990 feet from the East line of Section 27, Township 19 South, Range 25 East, Eddy County, New Mexico***

Dear Mr. Owen:

Reference is made to your application dated October 26, 1999 to drill Nearburg's proposed South Boyd 27 #10 Well at a non-standard location 510 feet from the North line and 990 feet from the East line of Section 27, Township 19 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, Cemetery Morrow Pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

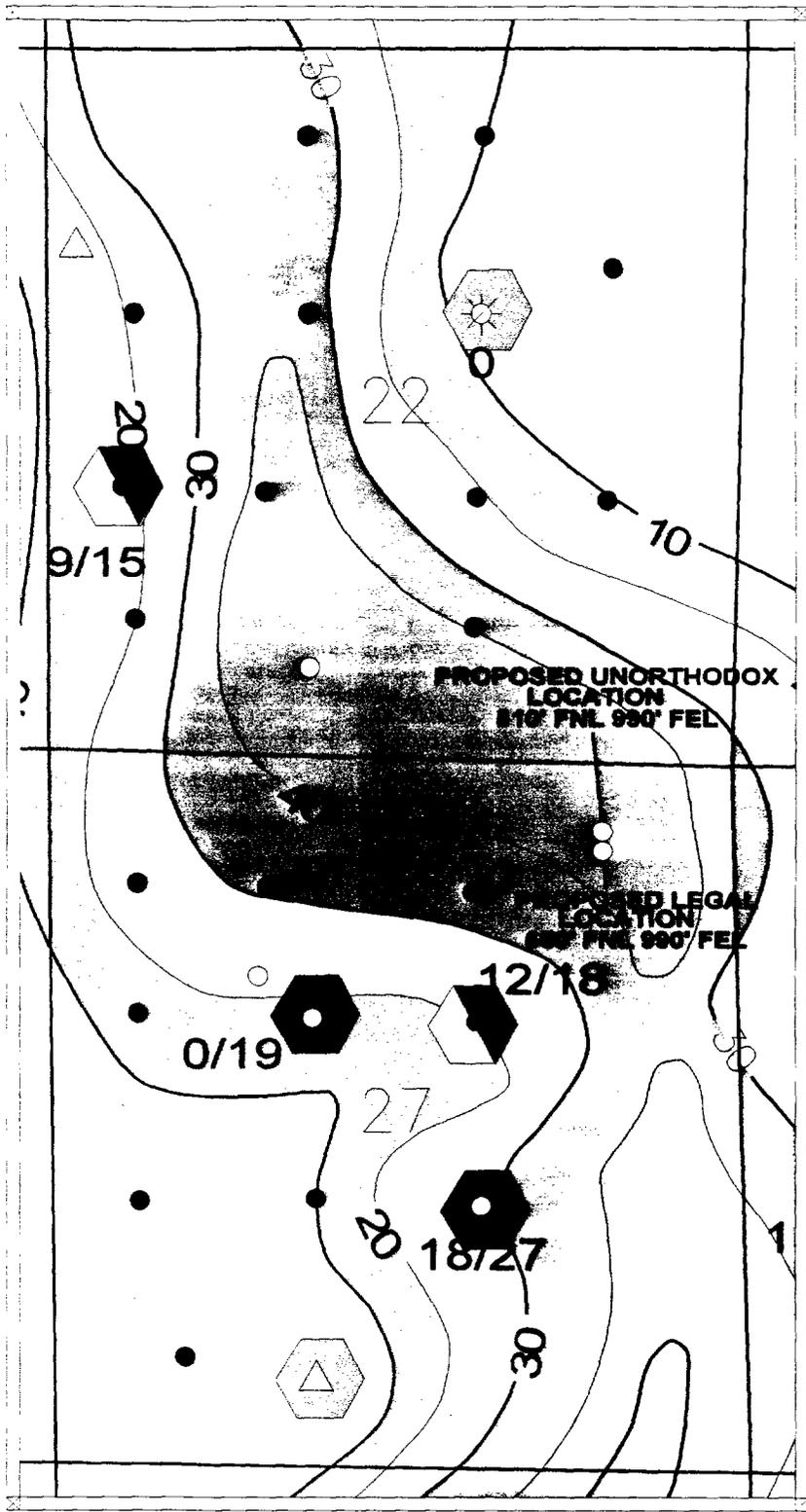
The topographic information submitted with this application indicates that the non-standard location is necessary to avoid placing the well pad in the Dagger Draw, a topographic watershed feature. The geologic information submitted with this application indicates that a well drilled at the non-standard location will not be in an inferior geologic position within the Morrow formation, compared with a well drilled at a location considered to be standard.

The N/2 of said Section 27 shall be dedicated to the well to form a standard 320-acre gas spacing and proration unit for the subject pool.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director



**LEGEND**

-  PRODUCTIVE FROM LOWER "B"
-  SAND PRESENT / TIGHT
-  SAND ABSENT

*Neaburg Producing Company*  
 Exploration and Production  
 Midland, Texas

**SOUTH BOYD "27" #10  
 EDDY COUNTY, NEW MEXICO  
 MORROW LOWER "B"  
 GROSS SAND ISOPACH MAP**



| GEOLOGIST   | DATE  | DRAWN BY | FILE NO.   |
|-------------|-------|----------|------------|
| J. B. ELGER | 10/88 | PLD      | 150LMB.GPF |