

11-23-05 DATE IN	SUSPENSE	Steger ENGINEER	11-23-05 LOGGED IN	NSL 11-23-05 TYPE	PSL 0532747505 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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]

NOV 23 PM 12 28

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [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
- [D] Other: Specify _____
- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>William F. Carr</u> Print or Type Name	<u>William F. Carr</u> Signature	<u>ATTORNEY</u> Title	<u>11/23/05</u> Date
		<u>wcarr@hollandhart.com</u> e-mail Address	



November 23, 2005

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

*8:30 AM Nov. 28, 2005
* talked w/ Bill Carr who
wanted a verbal approval
because Robert Shelton
has a rig available.*

Re: Application of Nearburg Production Company for Administrative Approval of an Unorthodox Oil Well Location for its Salt Draw "11" Federal Well No. 1 to be drilled as a horizontal well from a surface location 2590 feet from North line and 330 feet from the West line of Section 11, Township 25 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. *(30-015-34436)*

Dear Mr. Fesmire:

Nearburg Production Company pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, seeks administrative approval of an unorthodox well location for its Salt Draw "11" Federal Well No. 1 to be horizontally drilled in the Delaware formation, Southwest Willow Lake-Delaware Pool, at an unorthodox surface location well location 2590 feet from the North line and 330 feet from the West line of Section 11, Township 25 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. Attached as **Exhibit A** is the Application for Permit to Drill the Well (Federal Form 3160-3) and the Acreage Dedication Plat for the Well showing the survey location for the well and the proposed dedicated acreage.

A horizontal well Project Area comprised of two 40-acre spacing units comprised of the W/2 NW/4 of Section 11 will be dedicated to the well. Attached as **Exhibit B** is a Delaware Formation Net Porosity Isopach Map that shows porosity in this formation through out the proposed Project Area. Approval of the proposed location will enable Nearburg to drill the well to a depth of approximately 4329 feet and then turn the wellbore to the north northeast and horizontally drill approximately 1,766 feet in the Delaware formation to a terminus 330 feet from the North line and 660 feet from the West line of said Section 11. This unorthodox surface location is necessary to enable Nearburg to have the horizontal portion of the wellbore intersect as much of the Delaware formation as possible in this Project Area. However, the horizontal portion of the wellbore in the projected pay zone of the Delaware formation will always be at least



at 330 feet from the outer boundary of the Project Area. Attached as **Exhibit C** is the Horizontal Drilling Plan for the Well.

Attached as **Exhibit D** is a plat that shows the subject spacing unit for this well and all adjoining spacing units or leases. The well will only encroach on acreage operated by Nearburg Producing Company to the South of this horizontal well Project Area in which the ownership is identical to the ownership under the drill site. Accordingly, there are no affected parties to whom notification of this application should be provided.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr
Attorney for Nearburg Producing Company

Enclosures

cc: Mr. Robert Shelton
Nearburg Producing Company

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

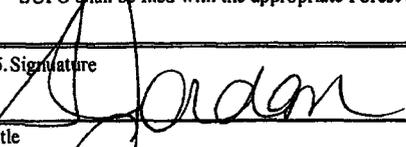
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM16104
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Nearburg Producing Company		7. Unit or CA Agreement Name and No.
3a. Address 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705	3b. Phone No. (include area code) 432/686-8235	8. Lease Name and Well No. Salt Draw 11 Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2590 FNL and and 330 FWL At proposed prod. zone 330 FNL and 660 FWL		9. API Well No.
14. Distance in miles and direction from nearest town or post office* 21 miles SE of Carlsbad		10. Field and Pool, or Exploratory Willow Lake, SW; Delaware
		11. Sec., T., R., M., or Blk. and Survey or Area Sec 11, 25S, 28E
		12. County or Parish Eddy
		13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 330	16. No. of Acres in lease 1520.06	17. Spacing Unit dedicated to this well 80
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 990	19. Proposed Depth 6700	20. BLM/BIA Bond No. on file NMB000153
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2918	22. Approximate date work will start* 11/1/05	23. Estimated duration 40 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | <ol style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification. 6. Such other site specific information and/or plans as may be required by the authorized officer. |
|---|---|

25. Signature 	Name (Printed/Typed) Sarah Jordan	Date 9/27/05
Title Production Analyst		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

DISTRICT I
1625 N. FRENCH DR., BOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Antec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name <i>Wilowlake, Sw; Delaware</i>
Property Code	Property Name SALT DRAW 11 FEDERAL	Well Number 1
OGRID No. <i>015742</i>	Operator Name NEARBURG PRODUCING COMPANY	Elevation 2918'

Surface Location

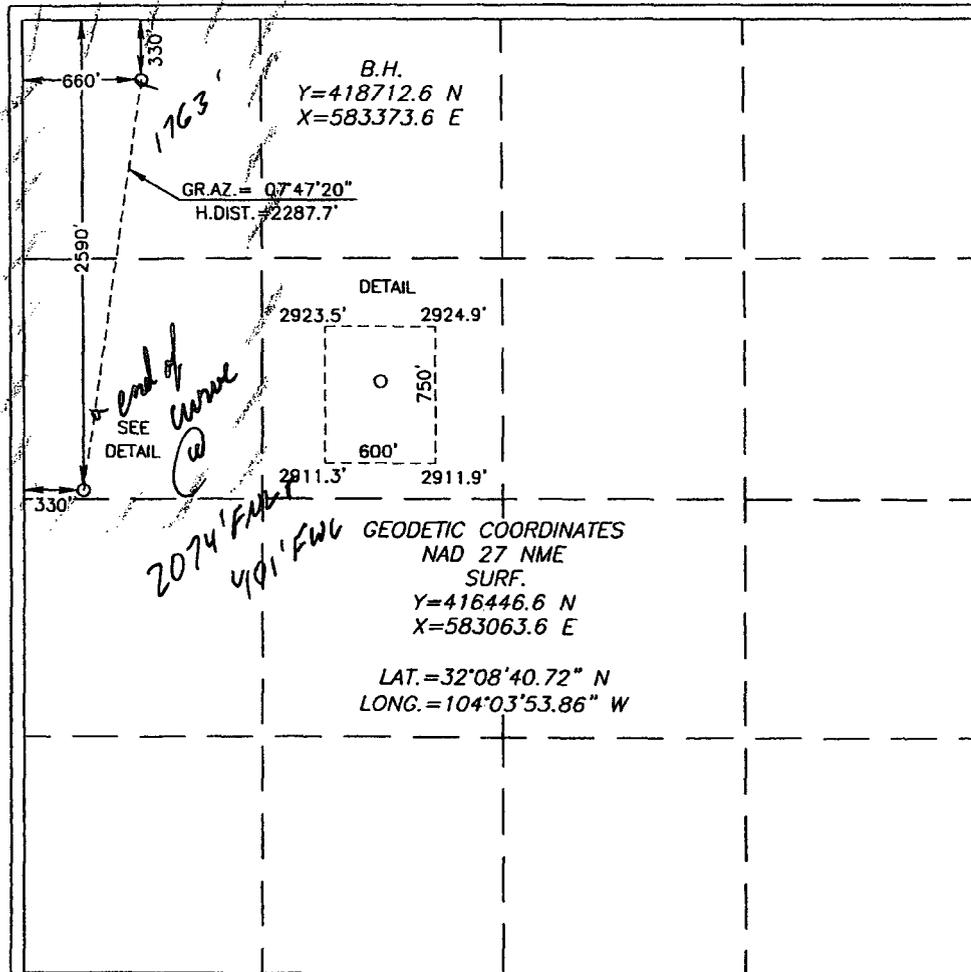
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	11	25-S	28-E		2590	NORTH	330	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	11	25-S	28-E		330	NORTH	660	WEST	EDDY

Dedicated Acres <i>80</i>	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

S. Jordan
Signature

S. Jordan
Printed Name

Prod. Analyst
Title

9.27.05
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

SEPTEMBER 15, 2005
Date Surveyed

Gary Edson
Signature of Professional Surveyor

GARY EDSON
NEW MEXICO
12641
05.11.1441
Professional Surveyor

Certificate No. GARY EDSON 12641

Standard 640-acre Section

Exhibit 'D'



Proposal

Report Date: October 7, 2005 Client: Nearburg Producing Company Field: Eddy County, NM Structure / Slot: Salt Draw 11 Fed #1 / Salt Draw 11 Fed #1 Well: Salt Draw 11 Fed #1 Borehole: Salt Draw 11 Fed #1 UWIAFW: Survey Name / Date: Salt Draw 11 Fed #1_r1 / October 7, 2005 Tort / AHD / DDI / ERD ratio: 90.000° / 2287.30 ft / 5.488 / 0.472 Grid Coordinate System: NAD27 New Mexico State Planes, Eastern Zone, US Feet Location Lat/Long: N 32 8 40.718, W 104 3 53.858 Location Grid N/E Y/X: N 416446.600 ftUS, E 583063.600 ftUS Grid Convergence Angle: +0.14279111° Grid Scale Factor: 0.99991699	Survey / DLS Computation Method: Minimum Curvature / Lubinski Vertical Section Azimuth: 7.790° Vertical Section Origin: N 0.000 ft, E 0.000 ft TVD Reference Datum: RKB TVD Reference Elevation: 0.0 ft relative to Sea Bed / Ground Level Elevation: 0.000 ft relative to Magnetic Declination: 8.467° Total Field Strength: 49119.232 nT Magnetic Dip: 60.163° Declination Date: October 07, 2005 Magnetic Declination Model: IGRF 2005 North Reference: Grid North Total Corr Mag North -> Grid North: +8.324° Local Coordinates Referenced To: Well Head
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Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	7.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.79M
KOP	4329.13	0.00	7.79	4329.13	0.00	0.00	0.00	0.00	0.00	0.00	7.79M
	4400.00	7.80	7.79	4399.78	4.81	4.77	0.65	4.81	7.79	11.00	0.00G
	4500.00	18.80	7.79	4496.96	27.78	27.52	3.76	27.78	7.79	11.00	0.00G
	4600.00	29.80	7.79	4587.96	68.86	68.22	8.33	68.88	7.79	11.00	0.00G
	4700.00	40.80	7.79	4669.45	126.55	125.38	17.15	126.55	7.79	11.00	0.00G
	4800.00	51.80	7.79	4738.44	198.73	196.90	26.94	198.73	7.79	11.00	0.00G
	4900.00	62.80	7.79	4792.38	282.75	280.14	38.32	282.75	7.79	11.00	0.00G
Marker	4917.23	64.69	7.79	4800.00	298.20	295.45	40.42	298.20	7.79	11.00	7.79G
	5000.00	73.80	7.79	4829.31	375.52	372.05	50.80	375.52	7.79	11.00	0.00G
	5100.00	84.80	7.79	4847.85	473.62	469.25	64.20	473.62	7.79	11.00	0.00G
EOC	5147.31	90.00	7.79	4850.00	520.87	516.06	70.60	520.87	7.79	11.00	0.00G
PBHL	6913.74	90.00	7.79	4850.00	2287.30	2286.19	310.03	2287.30	7.79	0.00	0.00G

1766'

5147'

$$\begin{array}{r} 2580' \text{ FWL} \\ - 516' \\ \hline 2074' \text{ FWL} \end{array}$$

$$\begin{array}{r} 330' \text{ FWL} \\ + 71' \\ \hline 401' \text{ FWL} \end{array}$$

$$\begin{array}{r} 2074 \\ - 330 \\ \hline 1744' \text{ N/S} \end{array}$$

$$\begin{array}{r} 620 \\ + 401 \\ \hline 1021' \text{ FWL} \end{array}$$

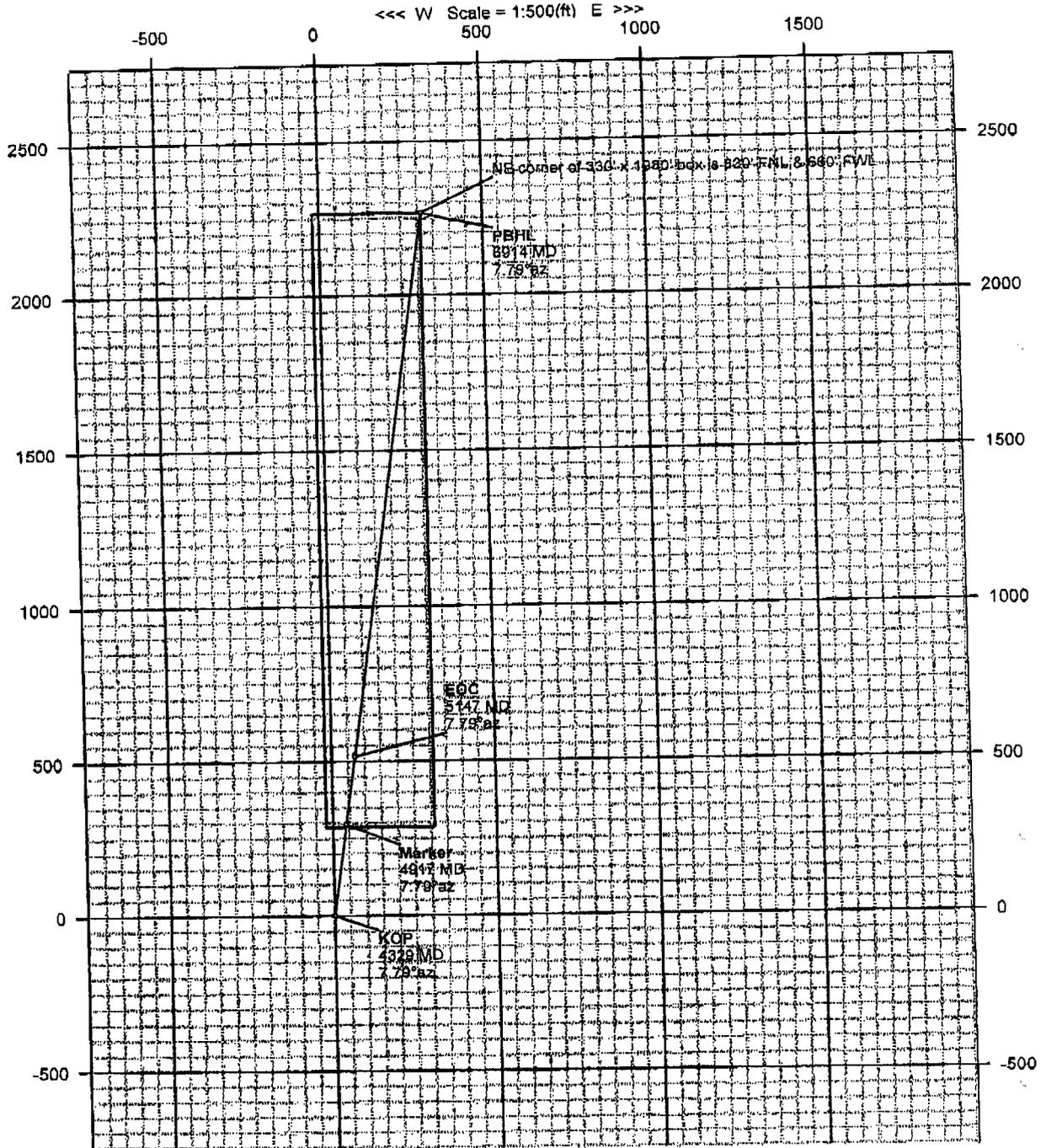
$$2 = 3041536'$$

$$2 = 67081'$$

EXHIBIT C

Nearburg Producing Company

WELL Salt Draw 11 Fed #1		FIELD Eddy County, NM	STRUCTURE Salt Draw 11 Fed #1
Magosto Per/whaler Model: IGRF 2009	OW: 80.182' Mag Dev: -3.487'	Date: October 07, 2005 FS: 09119.3 -T	Surface Location: LAT: N32 5 40.715 Lon: W104 3 33.650 NAD83 New Mexico State Plane, Eastern Zone, US Feet Northing: 418446.99 NUB Easting: 600083.00 NUB Well Name: Salt Draw 11 Fed #1 Well ID: 07066100021 Min-Max: Salt Draw 11 Fed #1 TVD Ref: RK5 (0.00 ft above) Plan: Salt Draw 11 Fed #1 Entry Date: Fri 10:30 AM October 07, 2005



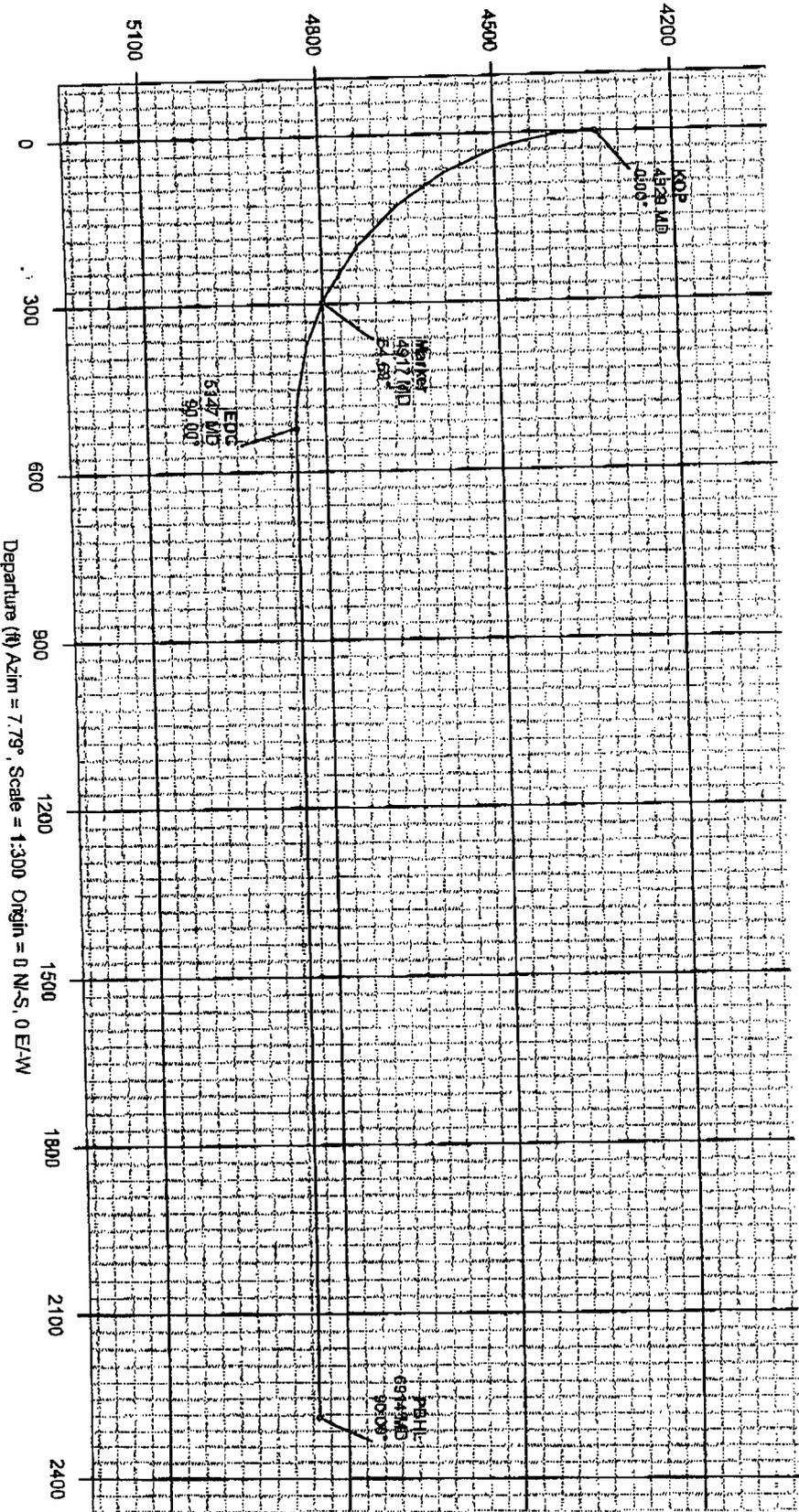
Nearburg Producing Company

WELL Salt Draw 11 Fed #1

FIELD Eddy County, NM

STRUCTURE Salt Draw 11 Fed #1

Geographic Projection Model: ICRF 2005	OK: 03/10/05 KOP Date: 04/06/07	Date: October 07, 2005 FR: 4911832.0'	Surface Location Twp: N27 E 40 N 18 Rng: W7 N 13 S 25	U.S. State UTM Zone: 18QUC Scale: 1:50000 Datum: NAD 83 Units: Meter	Well Name Salt Draw 11 Fed #1	Well ID Salt Draw 11 Fed #1	Well Type Salt Draw	Well Status Producing
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INTERPID
Directional Drilling & Production



