

Nearburg Producing Company

Exploration and Production
401 E. Illinois, Suite 300
Midland, Texas 79701
915 686-8235

October 26, 1990

HAND DELIVERED

Mr. Michael Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87504

Re: Amethyst State Com No. 1
N/2 Proration Unit
Section 32-24S-29E
Eddy County, New Mexico

Dear Mr. Stogner:

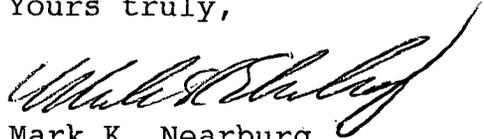
Nearburg Producing Company requests administrative approval of the captioned unorthodox well location 1880' FNL & 990' FWL due to topographic considerations. Waivers have been obtained from all offset owners and are attached to this letter.

We initially staked this well on Federal land 1980' FNL & 1980' FWL, however, that location fell in drainage channels very close to the Pecos River and was objected to by the Bureau of Land Management. The Bureau of Land Management also objected to small hills or "hogbacks" which do not show up on the topographic map which would have required major location construction work. To avoid drainage channels, Nearburg then moved the location 1980' FNL & 1712' FWL which would have been an unorthodox location, however, the amount of dirt work required at this location was still considered too substantial by the Bureau of Land Management and also by Nearburg Producing Company. The captioned location is the only area in the NW/4 of the captioned Section 32 that is flat and is not affected by drainage channels into the Pecos River.

At the initial drillsite, 1980' FNL & 1980' FWL, some archaeological evidence of past activity was found, however, the reason for not being able to drill that location was primarily due to topography.

Your favorable consideration of the this request will be greatly appreciated. If you have any questions, please call me at 915-686-8235.

Yours truly,



Mark K. Nearburg
Vice President

MKN/my

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

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

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 VB-55

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK
 b. Type of Well:
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

7. Lease Name or Unit Agreement Name
 Amethyst 32E State Com

2. Name of Operator
 Nearburg Producing Company

8. Well No.
 1

3. Address of Operator
 P. O. Box 823085, Dallas, Texas 75382-3085

9. Pool name or Wildcat
 Wildcat

4. Well Location
 Unit Letter E : 1,880 Feet From The north Line and 990 Feet From The west Line
 Section 32 Township 24S Range 29E NMPM Eddy County

10. Proposed Depth 14,000'
 11. Formation Atoka/Morrow
 12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.) 2,903.3' GR
 14. Kind & Status Plug. Boon Blanket
 15. Drilling Contractor Undetermined
 16. Approx. Date Work will start 11/15/90

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	48#	600'	700	Circulate
12-1/4"	9-5/8"	36#	2,800'	600	Circulate
8-3/4"	7"	23 & 26#	10,500'	1,350	tie into surface
6-1/8"	4-1/2"	13.5#	13,800'	750	+/- 10,100' string

Propose to drill the well to sufficient depth to evaluate the Atoka/Morrow formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test, and stimulate as necessary to establish production.

BOP program is attached.

Work will not commence until unorthodox location approval is received from the NMOC.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE [Signature] TITLE V.P. DATE 10-28-90

TYPE OR PRINT NAME _____ TELEPHONE NO. _____

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

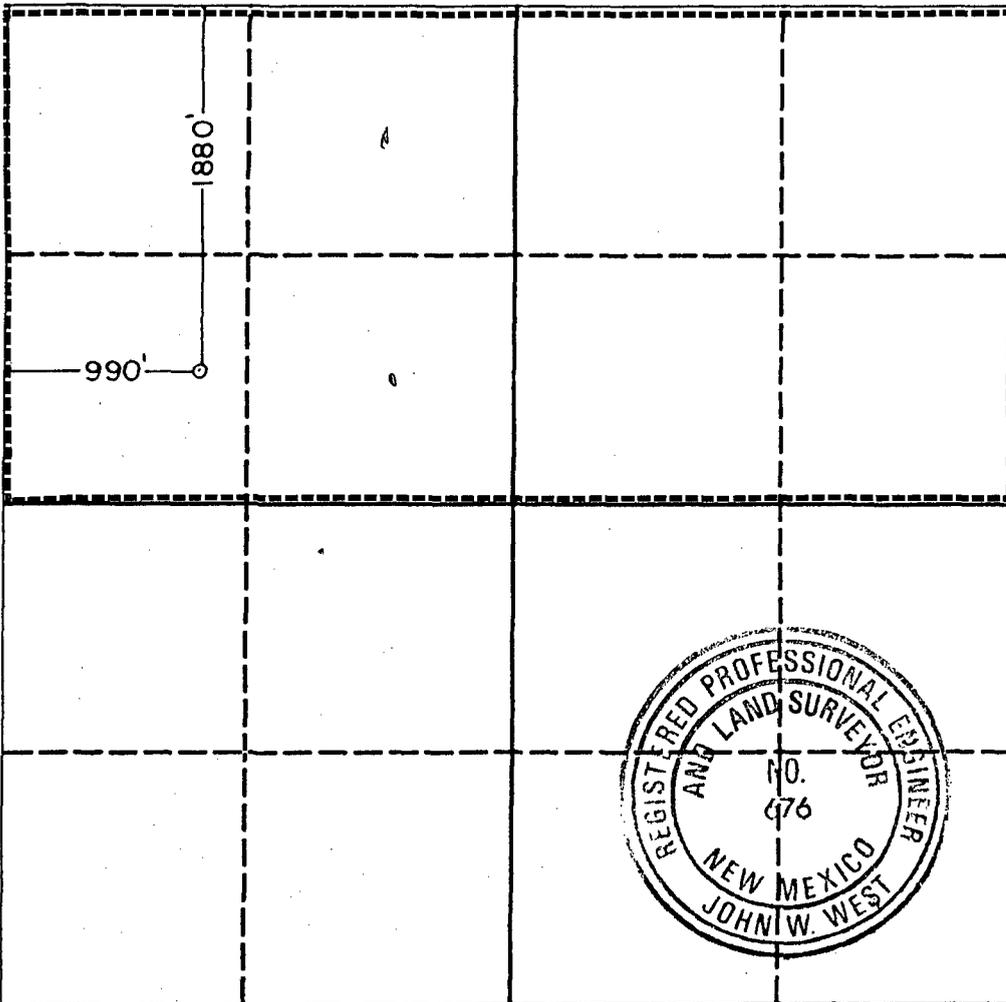
All Distances must be from the outer boundaries of the section

Operator NEARBURG PRODUCING CO.			Lease Amethyst State Com.		Well No. 1
Unit Letter E	Section 32	Township 24 South	Range 29 East	County Eddy	
Actual Footage Location of Well: 1880 feet from the North line and 990 feet from the West line					
Ground level Elev. 2903.3	Producing Formation Atoka/Morrow		Pool Wildcat	Dedicated Acreage: 320.0 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation Communitization

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Mark K. Nearburg

Printed Name
Vice President

Position
Nearburg Producing Company
Company

Date
October 26, 1990

SURVEYOR CERTIFICATION

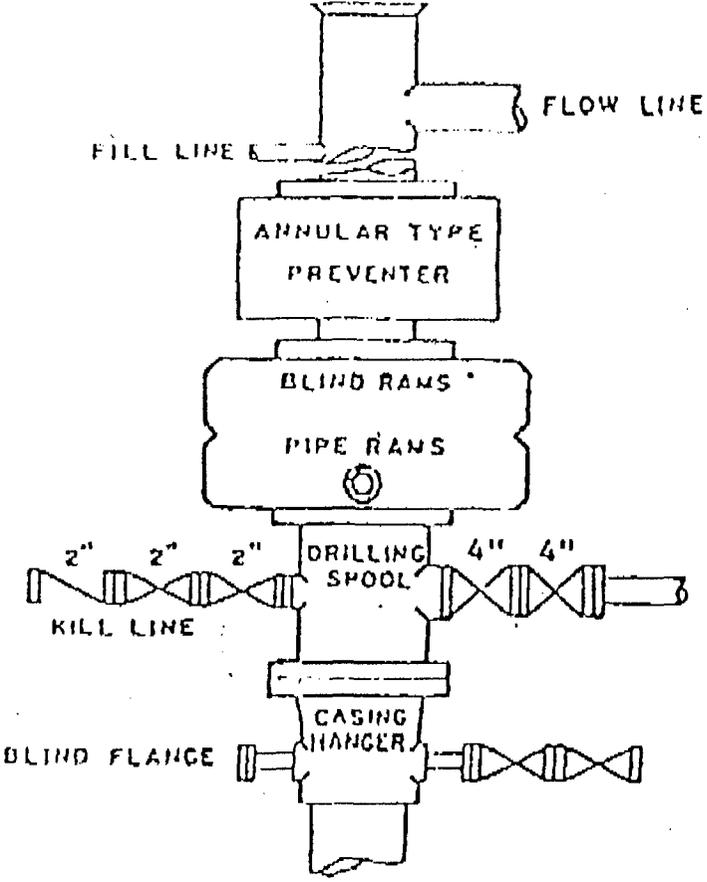
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
October 16, 1990

Signature & Seal of Professional Surveyor
John W. West

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

BLOWOUT PREVENTER SKETCH
Nearburg Producing Company
AMETHYST 32E STATE COM WELL NO. 1



900 SERIES

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 25, 1990

Nearburg Producing Company
401 East Illinois, Suite 300
Midland, Texas 79701

Attention: Mr. Mark K. Nearburg

Re: Amethyst Federal Com #1 Well
Sec. 32, T24S-R29E
Eddy County, New Mexico

Gentlemen:

Enclosed is your letter dated October 22, 1990 which has been executed on behalf of Yates Petroleum Corporation whereby they waive objection to your proposed unorthodox location 990' FWL & 1880' FNL, Section 32, Township 24 South, Range 29 East.

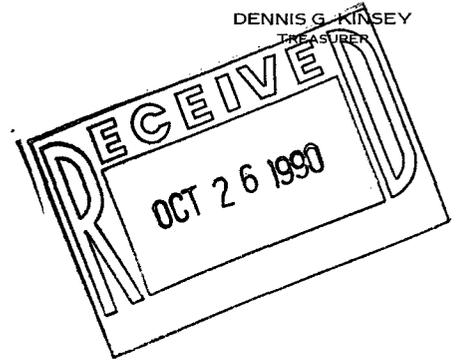
Very truly yours,

YATES PETROLEUM CORPORATION

Randy G. Patterson
Land Manager

RGP/mw

Enclosures



Nearburg Producing Company

Exploration and Production
401 E. Illinois, Suite 300
Midland, Texas 79701
915 686-8235

October 22, 1990

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88201

Attention: Mr. Randy Patterson

Re: Amethyst Federal Com #1 Well
Eddy County, New Mexico

Sec 32 - T24S R29E

Gentlemen:

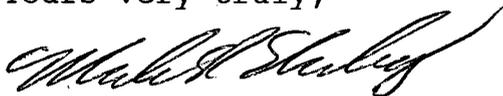
Nearburg Producing Company has again been required to move the location of the captioned well to a point 990' FWL & 1880' FNL as shown on the attached plat due to the Bureau of Land Management's appropriate concern over the amount of dirt work required for the prior non-standard location referenced in my letter dated September 25, 1990.

Nearburg Producing Company requests that you waive objection to this location. The attached topographic map shows the standard location with a small arrow and the unorthodox location with a large arrow. Please consider that the topographic map does not do justice to the rugged terrain in this area.

Upon your agreement to waive objection to the above proposed unorthodox location, evidenced by your signature of this letter, Nearburg Producing Company agrees to waive objection at your written request to a location in the N/2 of Section 31, which is no closer than 990' to the east line of the NE/4 of Section 31.

If you are agreeable to waiving objection to this location, please so indicate by signing and dating where indicated below, returning one (1) copy to Nearburg Producing Company at the captioned address. Please call me if you have any questions.

Yours very truly,



Mark K. Nearburg
Vice President

AGREED TO AND ACCEPTED THIS
25th DAY OF October, 1990.
YATES PETROLEUM CORPORATION



BY: Kandy G. Patterson
its: Land Manager

Nearburg Producing Company

Exploration and Production
401 E. Illinois, Suite 300
Midland, Texas 79701
915 686-8235

October 22, 1990

Bettis Brothers, Inc.
One First City Center
500 W. Texas, Su. 830
Midland, Texas 79701

Re: Amethyst Federal Com #1 Well
Eddy County, New Mexico

Gentlemen:

Nearburg Producing Company has again been required to move the location of the captioned well to a point 990' FWL & 1880' FNL as shown on the attached plat due to the Bureau of Land Management's appropriate concern over the amount of dirt work required for the prior non-standard location referenced in my letter dated September 25, 1990.

Nearburg Producing Company requests that you waive objection to this location. The attached topographic map shows the standard location with a small arrow and the unorthodox location with a large arrow. Please consider that the topographic map does not do justice to the rugged terrain in this area.

If you are agreeable to waiving objection to this location, please so indicate by signing and dating where indicated below, returning one (1) copy to Nearburg Producing Company at the captioned address. Please call me if you have any questions.

Yours very truly,



Mark K. Nearburg
Vice President

AGREED TO AND ACCEPTED THIS
24 DAY OF October, 1990.
BETTIS BROTHERS, INC.



BY: HARRY M. BETTIS JR.
its: President

Nearburg Producing Company

Exploration and Production
401 E. Illinois, Suite 300
Midland, Texas 79701
915 686-8235

October 22, 1990

CNG Producing Company
Williams Center Tower One-Suite 420
One West Third Street
Tulsa, Oklahoma 74103-3501

Re: Amethyst Federal Com #1 Well
Eddy County, New Mexico

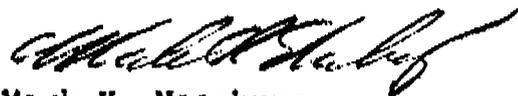
Gentlemen:

Nearburg Producing Company has again been required to move the location of the captioned well to a point 990' FWL & 1880' FNL as shown on the attached plat due to the Bureau of Land Management's appropriate concern over the amount of dirt work required for the prior non-standard location referenced in my letter dated September 25, 1990.

Nearburg Producing Company requests that you waive objection to this location. The attached topographic map shows the standard location with a small arrow and the unorthodox location with a large arrow. Please consider that the topographic map does not do justice to the rugged terrain in this area.

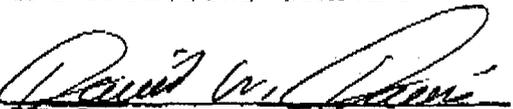
If you are agreeable to waiving objection to this location, please so indicate by signing and dating where indicated below, returning one (1) copy to Nearburg Producing Company at the captioned address. Please call me if you have any questions.

Yours very truly,



Mark K. Nearburg
Vice President

AGREED TO AND ACCEPTED THIS
24th DAY OF October, 1990.
CNG PRODUCING COMPANY



BY: DAVID W. DAVIS
its: Service Landman

Nearburg Producing Company

Exploration and Production
401 E. Illinois, Suite 300
Midland, Texas 79701
915 686-8235

October 22, 1990

Enron Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702

Attention: Robert M. McCommon, Jr.

Re: Amethyst Federal Com #1 Well
Eddy County, New Mexico

Gentlemen:

Nearburg Producing Company has again been required to move the location of the captioned well to a point 990' FWL & 1880' FNL as shown on the attached plat due to the Bureau of Land Management's appropriate concern over the amount of dirt work required for the prior non-standard location referenced in my letter dated September 25, 1990.

Nearburg Producing Company requests that you waive objection to this location. The attached topographic map shows the standard location with a small arrow and the unorthodox location with a large arrow. Please consider that the topographic map does not do justice to the rugged terrain in this area.

Upon your agreement to waive objection to the above proposed unorthodox location, evidenced by your signature of this letter, Nearburg Producing Company agrees to waive objection at your written request to a location offsetting the N/2 of Section 32, which is no closer than 990' to the outer boundary of the N/2 of Section 32.

If you are agreeable to waiving objection to this location, please so indicate by signing and dating where indicated below, returning one (1) copy to Nearburg Producing Company at the captioned address. Please call me if you have any questions.

Yours very truly,



Mark K. Nearburg
Vice President

AGREED TO AND ACCEPTED THIS
25th DAY OF October, 1990.
ENRON OIL & GAS COMPANY

BY: Jay C. Thomas RAM
its: Vice President and General Manager

Nearburg Producing Company

Exploration and Production
401 E. Illinois, Suite 300
Midland, Texas 79701
915 686-8235

October 22, 1990

MWJ Producing Company
400 W. Illinois, Suite 1100
Midland, Texas 79701

Attention: Mr. Robert Hodges

Re: Amethyst Federal Com #1 Well
Eddy County, New Mexico

Gentlemen:

Nearburg Producing Company has again been required to move the location of the captioned well to a point 990' FWL & 1880' FNL as shown on the attached plat due to the Bureau of Land Management's appropriate concern over the amount of dirt work required for the prior non-standard location referenced in my letter dated September 25, 1990.

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If you are agreeable to waiving objection to this location, please so indicate by signing and dating where indicated below, returning one (1) copy to Nearburg Producing Company at the captioned address. Please call me if you have any questions.

Yours very truly,



Mark K. Nearburg
Vice President

AGREED TO AND ACCEPTED THIS
24 DAY OF OCTOBER, 1990.
-MWJ PRODUCING COMPANY

Robert W. Hodge
BY: Robert W. HODGE
its: LAND MANAGER