

7/1/97 | 7/21/97 | MS | W | NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

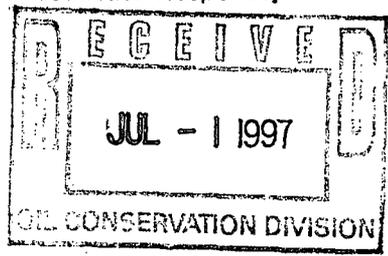
NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

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] 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

[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 further verify that all applicable API Numbers are included. 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.

James Bruce
P.O. Box 1056
Santa Fe, NM 87504
Print or Type Name

James Bruce
Signature

Attorney for Applicant
Title

7/1/97
Date

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

July 1, 1997

Hand Delivered

Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Nearburg Producing Company ("Nearburg") hereby applies for administrative approval of an unorthodox gas well location for the following well:

Bison "12" Fed. Well No. 1
650 feet FNL & 1650 feet FWL
§12, Township 19 South, Range 33 East, NMPM
Lea County, New Mexico

The well will be drilled to test the Morrow formation. The W½ of Section 12 will be dedicated to the well. Attached hereto as Exhibit A is an APD (Federal Form 3160-3), with a Form C-102 attached.

The proposed location is based on geologic reasons. Attached as Exhibit B is a structure map on top of the Morrow. The proposed location was moved to the north of a fault line which runs through the NW¼ of Section 12. Existing Morrow producers are all north of this fault line. Thus, the proposed location is necessary to insure a reasonable chance of success in the Morrow.

Submitted as Exhibit C is a land plat, highlighting Nearburg-operated acreage in the immediate area of the proposed well. All offset well units affected by this application are operated by Nearburg, and thus there are no offset operators to notify of this application. As a result, Nearburg requests that the 20 day notice period be waived.

This application is submitted in duplicate. Please call me if you need anything further regarding this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for Nearburg
Producing Company

cc: Duke Roush

nec-aap.ugl

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Nearburg Producing Company

3. ADDRESS AND TELEPHONE NO.
 (915) 686-8235
 3300 N. "A" St., Bldg. 2, Suite 120, Midland, TX 79705

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 660' FNL and 1,650' FWL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 10 Miles SW of Buckeye, NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 660'

16. NO. OF ACRES IN LEASE
 320

17. NO. OF ACRES ASSIGNED TO THIS WELL
 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
 13,600'

20. ROTARY OR CABLE TOOLS
 Rotary

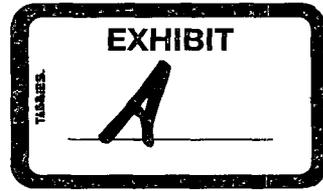
21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3,742' GR

22. APPROX. DATE WORK WILL START*
 9/10/97

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8" H-40	48#	350'	375 sx.
11"	8-5/8" J-55	24# & 32#	5,200'	2,400 sx.
7-7/8"	5-1/2" N-80	17# & 20#	13,600'	2,200 sx.

Propose to drill the well to sufficient depth to evaluate the 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.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

23. SIGNED [Signature] TITLE Mgr. of Drlg and Prod. DATE 6/3/97
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:
 APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0718

DISTRICT III
1000 Rio Brasos Rd., Artec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name BISON "12" FEDERAL	Well Number 1
OGRID No.	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3742

Surface Location

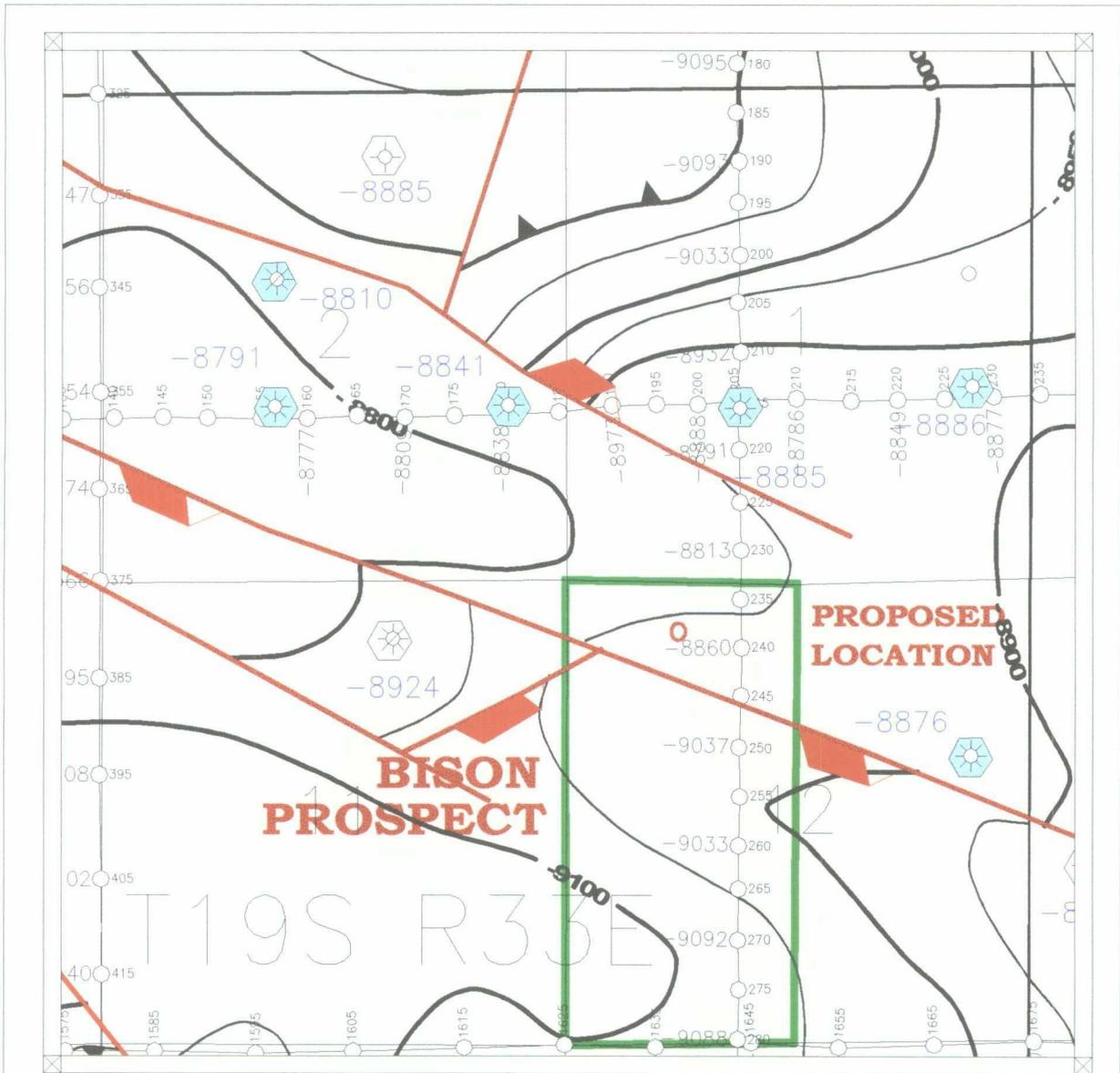
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	19 S	33 E		660	NORTH	1650	WEST	LEA

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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 16, 1997</p>
	<p>Date Surveyed _____ JLP</p> <p>Signature & Seal of Professional Surveyor _____</p> <p><i>RONALD J. EIDSON</i></p> <p>W.O. Num. 87-1140590</p>
	<p>Certificate No. _____ JOHN G. WEST, 676</p> <p>RONALD J. EIDSON, 3239</p> <p>G. EIDSON, 12841</p>



LEGEND

- MORROW PRODUCER
- 320 ACRE SPACING UNITS

Scale 1:24000.



Nearburg Producing Company
Exploration and Production
Midland, Texas

BISON PROSPECT
LEA COUNTY, NEW MEXICO

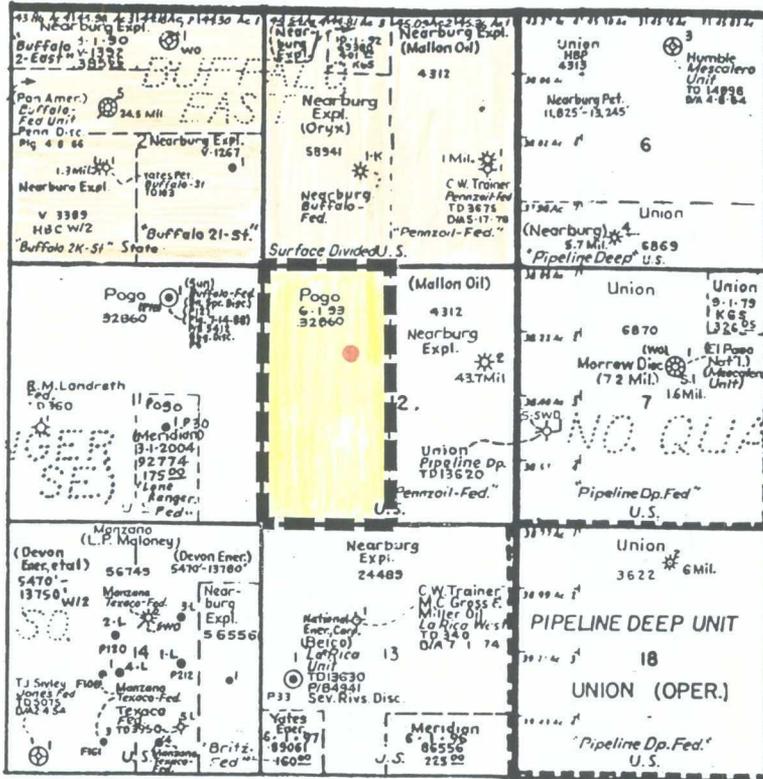
TOP MORROW
STRUCTURE MAP

C.I. = 50

GEOLOGIST	DATE	DRAWN BY	FILE NO.
T. F. GAWLOSKI	6/97	LCG/NKM	tmrw.gpf



**Bison "12" Federal #1
650' FNL, 1650 FWL
W/2 Section 12, T19S, R33E
Lea County, New Mexico**



-  Proration Unit
-  Affected Tracts
-  Location



Bison "12" Federal #1
650' FNL, 1650 FWL
W/2 Section 12, T19S, R33E
Lea County, New Mexico

Nearburg Exploration Co. LLC.	Nearburg Exploration Co. LLC.	Nearburg Exploration Co. LLC.
2		1
Nearburg Exploration Co. LLC.		
11	Naerburg Exploration Co. LLC. ●	12

County LEA Pool NORTH QUAIL RIDGE - MORROW GAS

TOWNSHIP 19 South Range 33 East NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

EXT: $\frac{1}{2}$ Sec. 12 (R-6328, 5-1-80) EXT: $\frac{1}{2}$ Sec. 1 (R-6526, 2-10-81)
EXT: NW/4 sec 1, E/2 sec 2 (R-9120, 3-1-90) EXT: $\frac{1}{2}$ Sec. 2 (R-10556, 3-11-96)