

DATE IN 4/16/98	SUSPENSE 5/6/98	ENGINEER MS	LOGGED BY RW	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

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]

RECEIVED

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

APR 16 1998

Oil Conservation Division

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

[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 (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

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

Paul R. Owen
Print or Type Name


Signature

Attorney
Title

4-16-98
Date

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

April 16, 1998

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

RECEIVED

APR 16 1998

Oil Conservation Division

Re: *Application of Nearburg Producing Company for Administrative Approval of an Unorthodox Well Location for its Jade "34" Federal Com Well No. 1 to be drilled 1650 feet from the South line and 1150 feet from the East Line of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico*

Dear Ms. Wrotenbery:

Nearburg Producing Company 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 Jade "34" Federal Com Well No. 1 to be located in the Morrow formation, Undesignated East Gem-Morrow Gas Pool, at a point 1650 feet from the South line and 1150 feet from the East line of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. The S/2 of Section 34 will be dedicated to the well.

This location is unorthodox because it is governed by the Division's statewide rules which provide for wells 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.

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources

April 16, 1998

Page 2

This unorthodox location is required by because of its proximity to the R-111-P Potash Area (See Exhibit A). The Bureau of Land Management has refused to approve a standard location for this well and the proposed unorthodox well location is the location the BLM will approve for a well on this spacing unit.

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. Matador Petroleum Corporation is the operator of Section 35, Township 19 South, Range 33 East, the only offsetting operator affected by this application. Attached hereto as Exhibit B is Matador's waiver of objection to this proposed unorthodox well location. There are no other affected parties to whom notification of the application should be provided.

Your attention to this matter is appreciated.

Very truly yours,

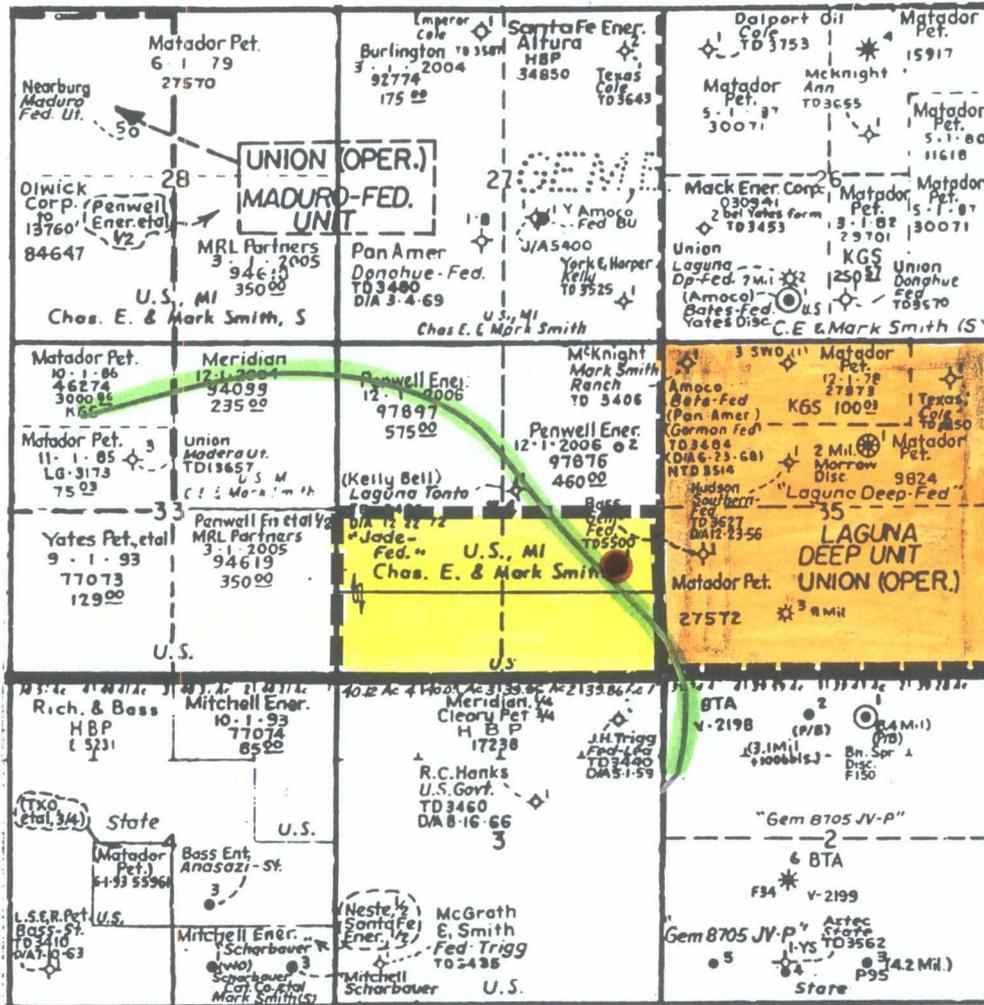


WILLIAM F. CARR
Attorney for Nearburg Producing Company

Enclosures

cc: Mr. Bob Shelton
Nearburg Producing Company
3300 North A Street, Building 2, Suite 120
Midland, Texas 79705

Jade "34" Fed. Com. #1
 1650' FSL, 1150' FEL
 Section 34, T19S, R33E
 Lea County, New Mexico



-  Proration Unit
-  RP 111 Line
-  Location
-  Affected Acreage

Nearburg Exploration Company, L.L.C.

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915 688-8235
Fax 915 688-7800

April 6, 1998

Matador Petroleum Corporation
Suite 158, Pecan Creek
8540 Meadow Road
Dallas, Texas 75231-3751

ATTN: ~~Austin Murr~~

RE: Jade #34 Fed. Com. #1 Well
1,650' FSL and 1,150' FEL
Section 34, T-19-S, R-33-E
Eddy County, New Mexico
Jade Prospect

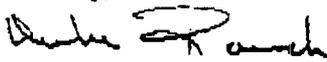
Gentlemen:

Pursuant to our recent meeting, Nearburg Exploration Company, L.L.C. (Nearburg) plans to drill the Jade #34 Fed. Com. #1 well at the captioned unorthodox location to a depth of 13,700' to adequately test the Morrow formation. We will dedicate the S/2 of Section 34, T-19-S, R-33-E to the 320 acre spacing unit. As we discussed, the proposed location would be encroaching on acreage you own in the W/2 of Section 35, and we hereby request that you waive any objection to said location by executing a copy of this letter in the space provided below.

Upon execution, please return one copy to the attention of the undersigned for further handling.

If we can be of further assistance, please advise.

Yours truly,

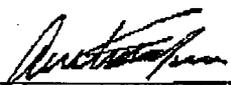


Duke Roush
Senior Landman

MMG/dw

AGREED TO AND ACCEPTED THIS 16th DAY OF APRIL, 1998

MATADOR PETROLEUM CORPORATION

By: 
Its: Land Manager



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

April 20, 1998

Nearburg Producing Company
c/o Campbell, Carr, Berge & Sherdian, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Re: *Administrative application on behalf of Nearburg Producing Company of an unorthodox gas well location in the Undesignated East Gem-Morrow Gas Pool for its proposed Jade "34" Federal Com. Well No. 1 to be drilled 1650 feet from the South line and 1150 feet from the East line (Unit I) of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, in which the S/2 of said Section 34 is to be dedicated to said well in order to form a standard 320-acre gas spacing and proration unit for said pool.*

Dear Mr. Carr:

Subsequent to my initial review of the subject application, I feel it necessary that the operator of the corresponding off-set East Gem-Morrow Gas Pool production from the N/2 equivalent of Section 2, Township 20 South, Range 33 East, Lea County, New Mexico be notified of this application. Please reference Division General Rule 104.F(3).

I have attached a copy of this well's C-102 which illustrates my reasoning for this request.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

DATE IN 4/21/98	SUSPENSE 5/11/98	ENGINEER MS	LOGGED BY MN	TYPE NSK
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

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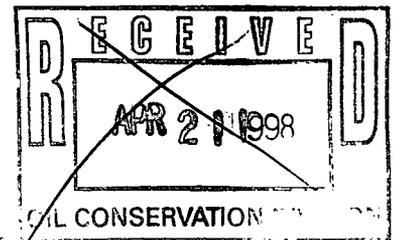
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

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 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



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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 (including API numbers, pool codes, etc.), pertinent information and any required 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

William F. Carr
Signature

Attorney
Title

April 21, 1998
Date

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

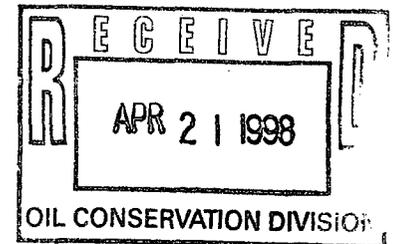
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

April 21, 1998

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



Re: *Amended Application of Nearburg Producing Company, for Administrative Approval of an Unorthodox Well Location for its Jade "34" Federal Com Well No. 1 to be drilled 1980 feet from the South line and 1150 feet from the East Line of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico*

Dear Ms. Wrotenbery:

Nearburg Producing Company 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 Jade "34" Federal Com Well No. 1 to be located in the Morrow formation, Undesignated East Gem-Morrow Gas Pool, at a point 1980 feet from the South line and 1150 feet from the East line of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. The S/2 of Section 34 will be dedicated to the well.

This location is unorthodox because it is governed by the Division's statewide rules which provide for wells 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.

This unorthodox location is required by because of its proximity to the R-111-P Potash Area (See Exhibit A). The Bureau of Land Management has refused to approve a standard location for this well. Originally the BLM approved a location 1650 feet from the South line and 1150 feet from the East line of this Section. This week the BLM required the well be

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources

April 21, 1998

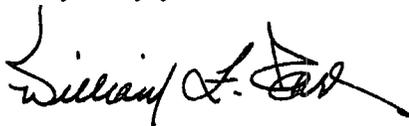
Page 2

moved 330 feet to the North to the present location. The proposed unorthodox well location for which Division approval is sought with this amended application is the location the BLM will approve for a well on this spacing unit.

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. Matador Petroleum Corporation is the operator of Section 35, Township 19 South, Range 33 East, and, with the new location, is the only offsetting operator affected by this application. Attached hereto as Exhibit B is Matador's waiver of objection to this new proposed unorthodox well location. Accordingly, there are no other affected parties to whom notification of the application should be provided.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR
Attorney for Nearburg Producing Company

Enclosures

cc: Mr. Bob Shelton
Nearburg Producing Company
3300 North A Street, Building 2, Suite 120
Midland, Texas 79705

Nearburg Exploration Company, L.L.C.

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8935
Fax 915/686-7806

April 21, 1998

Matador Petroleum Corporation
Suite 158, Pecos Creek
8340 Meadow Road
Dallas, Texas 75231-5751

ATTN: Austin Murr

RE: Jade "34" Fed. Com. #1 Well
1,980' FSL and 1,150' FEL
Section 34, T-19-S, R-33-E
Lea County, New Mexico
Jade Prospect

Gentlemen:

Pursuant to our recent meeting, Nearburg Exploration Company, L.L.C. (Nearburg) plans to drill the Jade "34" Fed. Com. #1 well at the captioned unorthodox location to a depth of 13,700' to adequately test the Morrow formation. We will dedicate the S/2 of Section 34, T-19-S, R-33-E to the 320-acre spacing unit. As we discussed, the proposed location would be encroaching on acreage you own in the W/2 of Section 35, and we hereby request that you waive any objection to said location by executing a copy of this letter in the space provided below.

Upon execution, please return one copy to the attention of the undersigned for further handling.

If we can be of further assistance, please advise.

Yours truly,

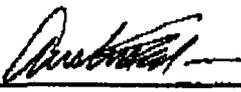


Duke Roush
Senior Landman

MMG/dw

AGREED TO AND ACCEPTED THIS 21st DAY OF APRIL, 1998

MATADOR PETROLEUM CORPORATION

By: 

Its: Land Manager

EXHIBIT B

County LEA

Pool EAST GEM - 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

DESCRIPTION: $\frac{N}{2}$ Sec. 35 (R-6211, 12-31-79)

EXT: $\frac{S}{2}$ Sec. 26 (R-6328, 5-1-80)

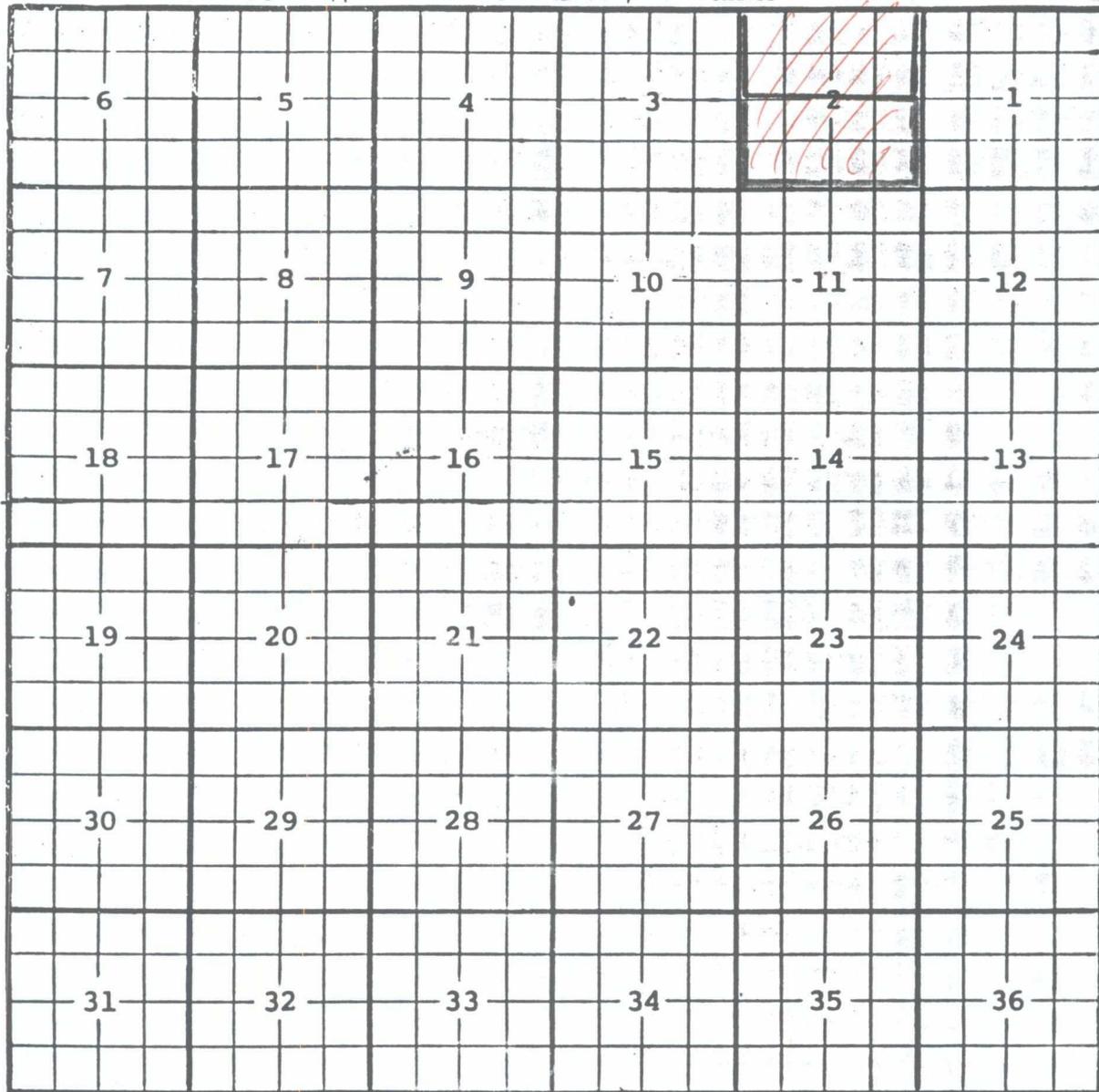
EXT: Sec. 25 $\frac{E}{2}$ + SW/4, Sec. 35 $\frac{S}{2}$ (R-7114-10-19-82)

EXT: $\frac{S}{2}$ SEC. 23, NE/4 sec 26 (R-9038, 12-1-89) EXT: W/2 SEC 14, NW/4 SEC. 23

(R-9194, 6-1-90) EXT: $\frac{NW}{4}$ Sec. 26 (R-9345, 11-7-90) EXT: E/2 SEC. 14 (R-9472, 4-1-91)

COUNTY LEA POOL EAST GEM - MORROW GAS

TOWNSHIP 20 SOUTH RANGE 33 EAST NMFM



EXT: N/2 SEC 2 (R-8533, 10/28/87) EXT: S/2 SEC 2 (R-9447, 3-1-91)

Blank lined area for additional notes or signatures.

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

April 23, 1998

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

HAND-DELIVERED

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

APR 23 1998

Oil Conservation Division

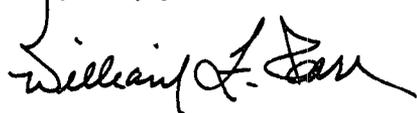
Re: *Amended Application of Nearburg Producing Company for Administrative Approval of an Unorthodox Well Location for its Jade "34" Federal Com Well No. 1 to be drilled 1980 feet from the South line and 1150 feet from the East line of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico*

Dear Mr. Stogner:

By letter dated April 20, 1998, you advised that notice of the above-referenced application would have to be provided to BTA Oil Producers, the operator of the N/2 of Section 2, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico. Pursuant to your directive, Nearburg contacted BTA and obtained the enclosed waiver of objection.

If you need any additional information from Nearburg to proceed with your consideration of this matter, please advise.

Very truly yours,



WILLIAM F. CARR
Attorney for Nearburg Producing Company
Enc.

cc: Mr. Duke Roush
Nearburg Producing Company

Nearburg Exploration Company, L.L.C.*Exploration and Production*

3306 North "A" Street
 Building 2, Suite 120
 Midland, Texas 79705
 915/606 8235
 Fax 915/686-7806

April 23, 1998

BTA Oil Producers
 104 S. Pecos
 Midland, Texas 79701

ATTN: Bob Crawford

RE: Jade "34" Fed. Com. #1 Well
 1,980' FSI and 1,150' MEL
 Section 34, T-19-S, R-33-E
 Lea County, New Mexico
 Jade Prospect

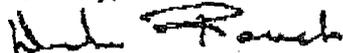
Gentlemen:

Nearburg Exploration Company, L.L.C. (Nearburg) plans to drill the Jade "34" Fed. Com. #1 well at the captioned unorthodox location to a depth of 13,700' to adequately test the Morrow formation. We will dedicate the S/2 of Section 34, T-19-S, R-33-E to the 320 acre spacing unit. As we discussed, the proposed location would be encroaching on acreage you own in the N/2 of Section 2, T-20-S, R-33-E, and we hereby request that you waive any objection to said location by executing a copy of this letter in the space provided below.

Upon execution, please return one copy to the attention of the undersigned for further handling.

If we can be of further assistance, please advise.

Yours truly,



Duke Roush
 Senior Landman

AGREED AND ACCEPTED THIS 23rd DAY OF APRIL, 1998

BTA OIL PRODUCERS

By: 
 Its: Land/ Legal Manager

Post-it® Fax Note	7671	Date	4/23/98	# of pages	1
To	Bill CAMP	From	Duke Roush		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #			

RECEIVED

APR 23 1998

Oil Conservation Division