

ABOVE THIS LINE FOR DIVISION USE ONLY

OIL CONSERVATION DIV.
NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -

98 JUN 23 PM 3:31

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]

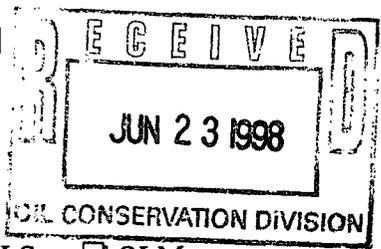
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

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

Check One Only for [B] 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.

William F. Carr
 Print or Type Name

William F. Carr
 Signature

Attorney
 Title

6/23/98
 Date

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

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E-MAIL: ccbspa@ix.netcom.com

June 23, 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: *Application of Nearburg Producing Company for Administrative Approval of an Unorthodox Well Location for its Minis 2 Federal Com. Well No. 1 to be drilled 3630 feet from the South line and 660 feet from the East Line of irregular Section 2, Township 21 South, Range 32 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 Minis 2 Federal Com. Well No. 1 to be located in the Morrow formation, Hat Mesa-Morrow Gas Pool, at a point 3630 feet from the South line and 660 feet from the East line of irregular Section 2 Township 21 South, Range 32 East, NMPM, Lea County, New Mexico. A spacing unit comprised of Lots 1, 2, 7, 8, 9, 10, 15 and 16 containing 319.97 acres, more or less, 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 well location is 990 feet from the southern boundary of the stand-up spacing unit dedicated thereto.

77
317.95

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

June 23, 1998

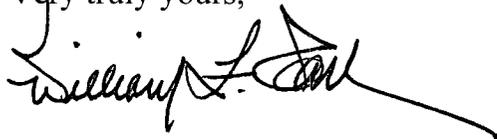
Page 2

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. Phillips Petroleum Company is the operator of the offsetting lay-down spacing unit in the southern portion of Section 2, Township 21 South, Range 32 East, the only offsetting operator affected by this application. Attached hereto as Exhibit B is Phillips waiver of objection to this proposed unorthodox well location. There are no other affected parties to whom notification of the application should be provided.

This unorthodox location is required for geologic reasons. Attached hereto are Net Sand Isopach maps of the 1st Sand/Upper Morrow (Exhibit C), Early Middle Morrow (Exhibit D) and the Late Middle Morrow (Exhibit E) and a Structure Map on the Top of the Lower Morrow (Exhibit F) which show that a well at the proposed unorthodox well location is more likely to recover reserves in the Morrow formation in all zones than a well at a standard location 1650 feet from the southern boundary of this spacing unit.

Your attention to this matter is appreciated.

Very truly yours,

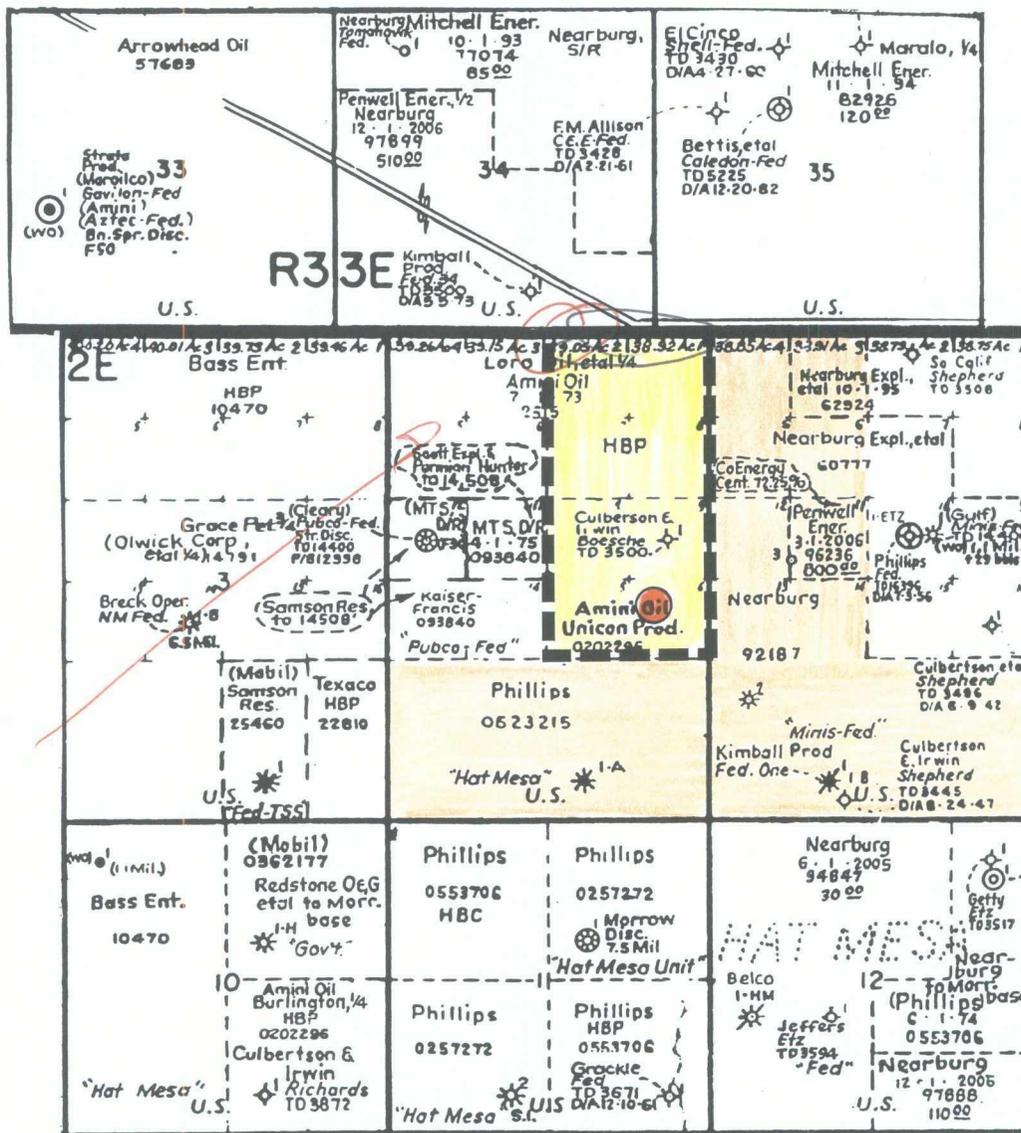
A handwritten signature in black ink, appearing to read "William F. Carr", with a long horizontal flourish extending to the right.

WILLIAM F. CARR
Attorney for Nearburg Producing Company

Enclosures

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

Minis 2 Federal Com. #1
 3630' FSL, 660' FEL
 Section 2, T-21-S, R-32-E
 Lea County, New Mexico

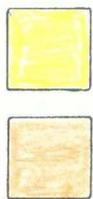


Lot 1 = 38.92
 2 = 39.03
 3 = 39.15
 4 = 39.26
 5 → 16 all 40

38.92
 39.03
 77.95
 8
 157.95
 16
 317.95

38.92
 39.05
 77.97
 8
 157.97
 16
 317.97

38.92
 39.05
 77.97
 8
 157.97
 16
 317.97



Proration Unit

Affected Acreage

Location

EXHIBIT A



PHILLIPS PETROLEUM COMPANY

4001 PENBROOK
ODESSA, TEXAS 79762

EXPLORATION AND PRODUCTION
Permian Profit Center

May 28, 1998

Nearburg Producing Company
Attn: Duke Roush
3300 North A Street
Building 2 Suite 120
Midland, Texas 79705

Re: Minis "2" Federal Well No. 1
Sec: 2, T-21-S, R-32-E
Lea County, NM

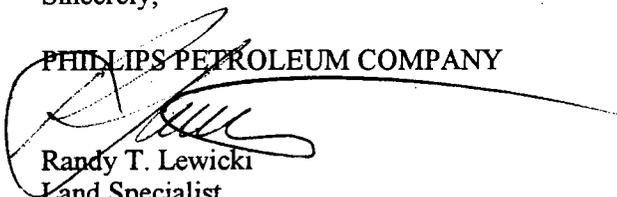
Dear Duke:

Pursuant to our phone conversation on this date, Nearburg Producing Company, herein after referred to as "Nearburg" in consideration for Phillips Petroleum Company, hereinafter referred to as "PPCo" waiving their right to protest the unorthodox location of the captioned well, Nearburg shall furnish PPCo with the data as outlined on the "Geological and Geophysical Data" sheet attached hereto as Exhibit "A". Nearburg shall provide same within thirty (30) days upon the completion and or plugging and abandonment of the captioned well.

If this is acceptable to Nearburg, please so indicate by signing below and returning one (1) signed original of this letter agreement to the undersigned.

Sincerely,

PHILLIPS PETROLEUM COMPANY



Randy T. Lewicki
Land Specialist

AGREED TO AND ACCEPTED THIS

28th DAY OF May 1998.



Nearburg Producing Company

RTL:sg

o:\wordfile\1998\rtl\Minis.lta

Attachments

cc: Brett A. Butterfield
Dianne E. Tompkins

EXHIBIT B

EXHIBIT "A"

GEOLOGICAL AND GEOPHYSICAL DATA

A. REPORTS AND NOTIFICATIONS

Name: Dianne E. Tompkins Office: (915) 368-1613

All such notices and well data should be sent to the following address within (30 days) upon completion of said well:

Dianne E. Tompkins
4001 Penbrook
Odessa, Texas 79762

B. WELL REQUIREMENTS

FINAL COPIES
MAILED TO ADDRESS ABOVE

1.	Prognosis	1
2.	Drill stem test charts and analysis	2
3.	Core analysis reports (if taken) and access to core (if taken).	2
4.	Hydrocarbon (mud) logs	2
5.	All Electric logs	2
	Paper copies & LIS Format Digital Diskette of the Log Data	1
6.	Final Well Summary Sheets (daily reports and completed well)	1
7.	Paleo Reports (where applicable)	1

C. SUBSEQUENT REQUIREMENTS

Daily production data for past 6 months

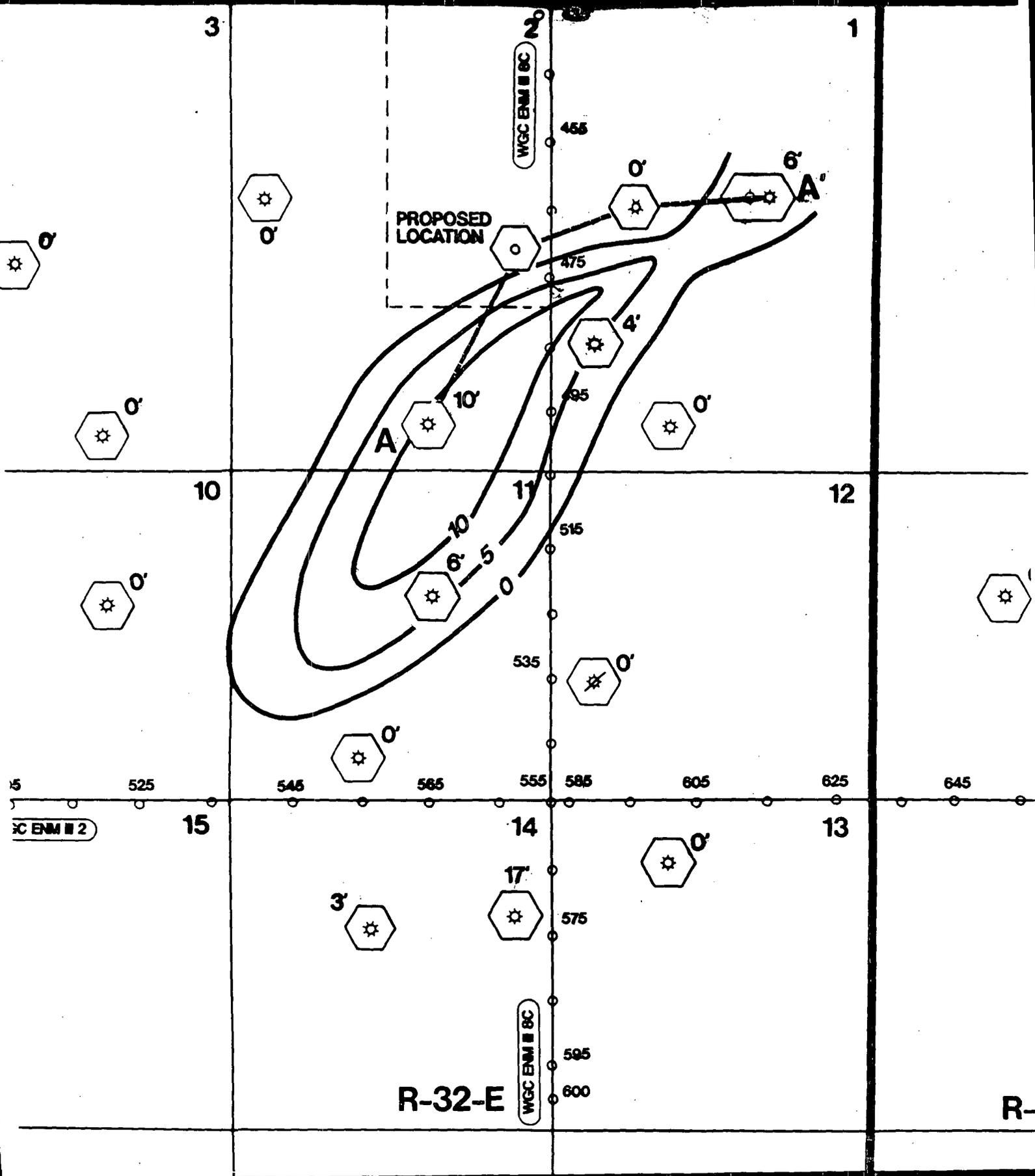
D. OTHER REQUIREMENTS

Logs (see B. 5 above) for the Minis #3 well.

All of the tests and operations required in this exhibit shall be done at Assignee's sole risk and expense. In the event any well(s) drilled pursuant to the agreement shall be drilled on a unit or contemplated unit which includes any of the lease acreage covered hereby, all of the provisions of this exhibit shall apply.

forms\asg\termasn.agr

R-33-E



LEGEND



Perforated This Interval

Nearburg Producing Company
Exploration and Production
Dallas, Texas

MINIS "2" FEDERAL #1

LEA COUNTY, NEW MEXICO

NET SAND ISOPACH

1ST SAND/UPPER MORROW

≥ 8% DENSITY ≥ 62 MSEC/ΔT

Scale: 1" = 2000'

CL = 5'

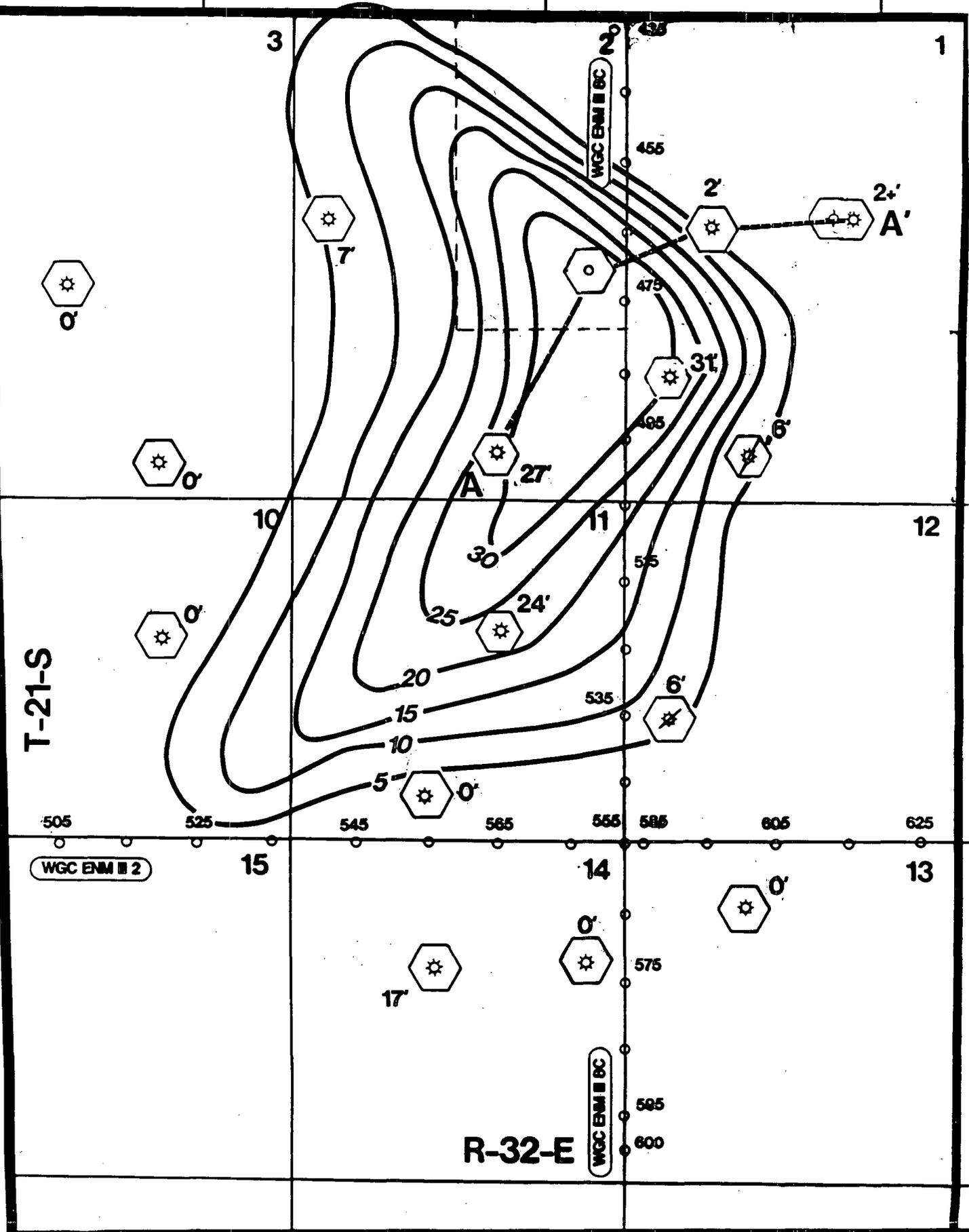
GEOLOGY BY	DATE	DRAWN BY	FILE NO.
J. B. Elger	4/98	L. C. G.	G-11

EXHIBIT C

R-33-E

T-21-S

R-32-E



LEGEND

⬡ Perforated This Interval

Nearburg Producing Company
Exploration and Production
Dallas, Texas

MINIS "2" FEDERAL #1

LEA COUNTY, NEW MEXICO

NET SAND ISOPACH
EARLY MIDDLE MORROW

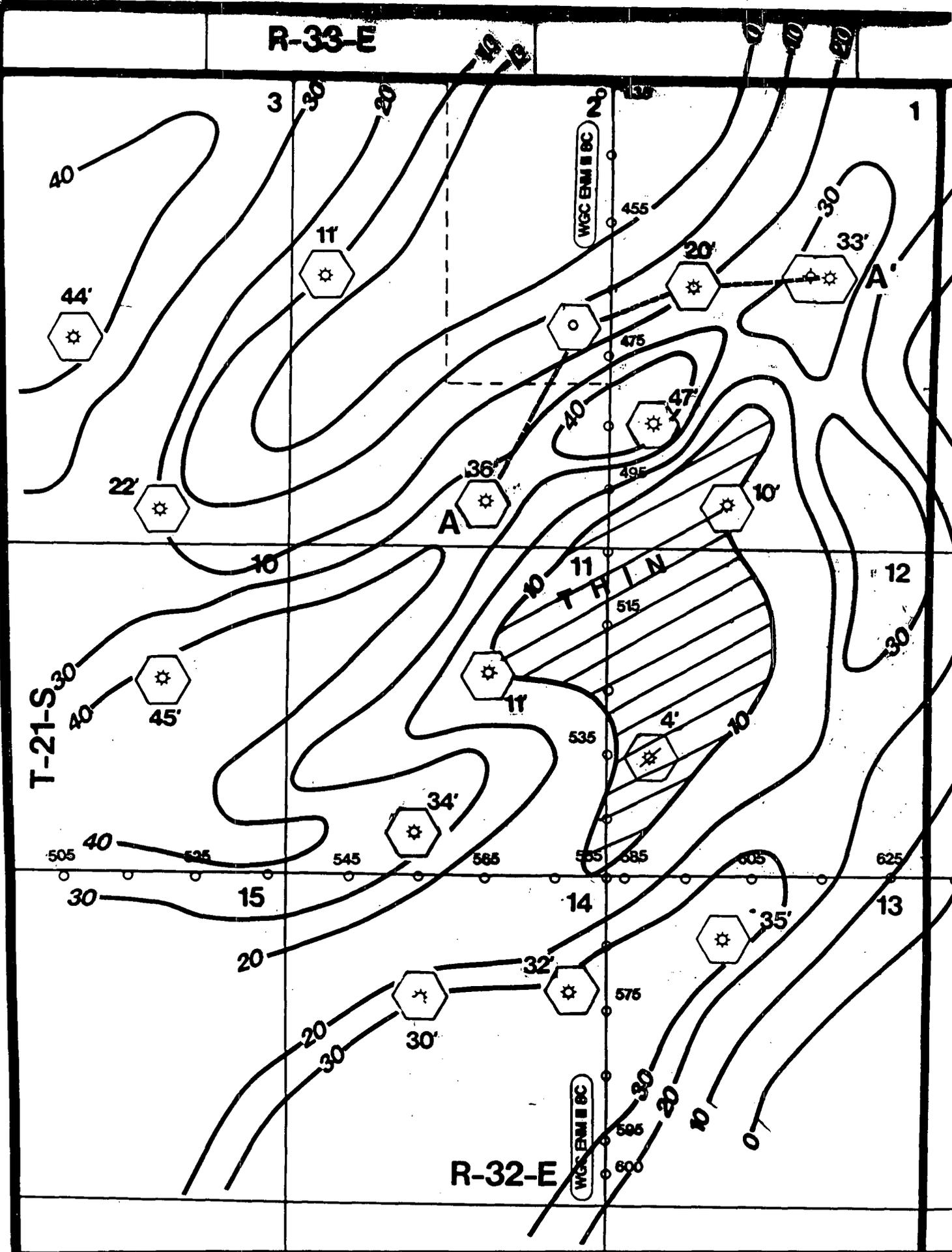
≥ 8% DENSITY ≥ 62 MSEC ΔT

Scale: 1" = 2000'

C.L. = 5'

EXHIBIT D

GEOLOGY BY	DATE	DRAWN BY	FILE NO.
J. B. E./D. A. H.	4/98	L. C. G.	L-3b



Nearburg Producing Company
 Exploration and Production
 Dallas, Texas

MINIS "2" FEDERAL #1
 LEA COUNTY, NEW MEXICO
 NET SAND ISOPACH
 LATE MIDDLE MORROW
 $\geq 8\%$ DENSITY ≥ 62 MSEC ΔT

SCALE : 1" = 2000'

C. I. = 10'

GEOLGY BY	DATE	DRAWN BY	FILE NO.
J. B. E./D. A. H.	4/98	L. C. G.	L-3b

EXHIBIT E

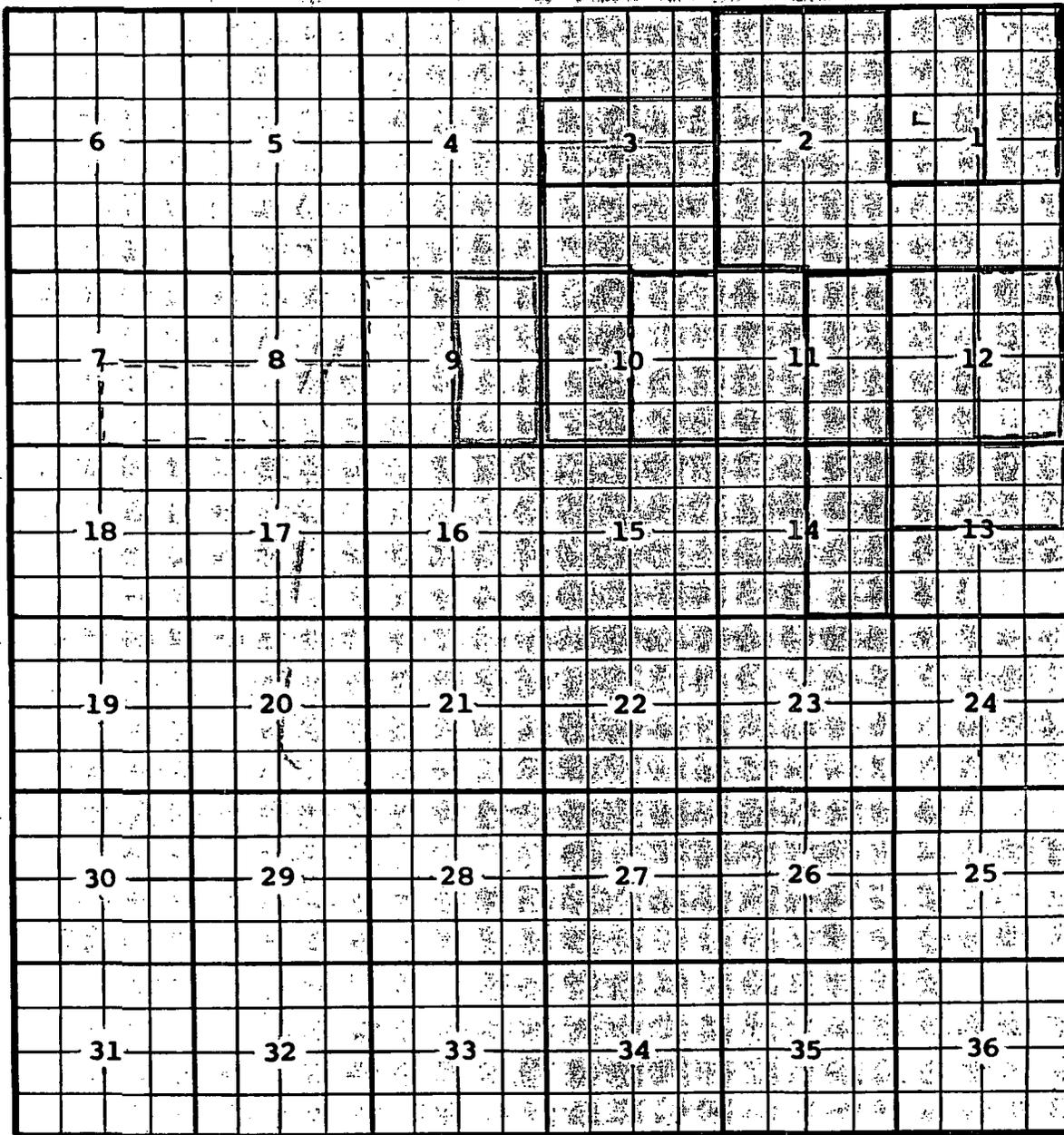
COUNTY *Lea*

POOL *Hat Mesa - Morrow Gas*

TOWNSHIP *21 South*

RANGE *32 East*

NMPM



Description: $\frac{E}{2}$ Sec. 11 (R-4437, 12-1-72)

Ext: $\frac{S}{2}$ Sec. 1; All Sec. 2 (R-4622, 9-1-73), Ext: $\frac{E}{2}$ Sec 14 (R-4646, 11-1-73)

Ext: $\frac{E}{2}$ Sec 10, $\frac{W}{2}$ Sec 11 (R-4821, 9-1-74) Ext: $\frac{S}{2}$ Sec 3 (R-5252, 9-1-76)

Ext: Lots 9 thru 16 Sec 3 (R-5361, 3-1-77) Ext: $\frac{W}{2}$ Sec 12 (R-5511, 9-1-77)

Ext: $\frac{W}{2}$ Sec 10 (R-6368, 1-1-80) Ext: $\frac{W}{2}$ Sec 13 (R-6576, 2-10-81)

Ext: $\frac{E}{2}$ sec 12 (R-6890, 1-2-82)

Ext: Sec; 9 $\frac{E}{2}$ (R-7114 - 10-19-82)

Ext: Lots 1, 2, 7, 8, 9, 10, 15, and 16 Sec. 1 (R-9221, 8-28-90)