

12/233231

~~DLA~~
~~GFB~~
PLC

8/20/01

Nearburg Producing Company

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

OIL CONSERVATION DIV.
01 JUL 30 PM 1:25

July 27, 2001

189

Mr. Ben Stone
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Off Lease Gas Measurement and Surface Commingling

Dear Mr. Stone:

Nearburg Producing Company hereby requests administrative approval for Off Lease Gas Measurement and Surface Commingling of the production from the wells listed on Attachment I. The sales meter for off lease measurement and surface commingling is located in Section 13, T21S, R25E, Eddy County, New Mexico. See Attachment II showing each well location.

All production will be individually metered on each well with a check meter. All meters will be calibrated on a regular basis.

We recently purchased the gas sales line from Duke Energy Field Service. The gas sales meter for the three commingled wells resides at the end of the gas sales line in Section 13, T21S, R25E, Eddy County, New Mexico. We are applying for the off lease gas sales measurement and surface commingling due to the gas sales line purchase.

In accordance with Oil Conservation Division's Rule 309 C, the following Attachment IV, notification of interest owners and purchasers by Certified mail are enclosed. All required notices pursuant to Rule 309 C have been mailed to these owners and purchaser with instructions that any objection must be filed within twenty (20) days.

Thank you for your cooperation in this matter. If you have any questions please feel free to contact the undersigned.

Very truly yours,

Kim Stewart

Kim Stewart
Regulatory Analyst

Big Well - V-2678-2
Mekth. NM-12828

Attachments

Meter

Stab 13-21.25
Morrow - P1180
Uppr P1160
K-4192 N128W14

ATTACHMENT I

Big Walt 2 State #3

Unit K, 1980' FSL and 1980' FWL, Section 2, T22S, R24E, Eddy County, New Mexico

McKittrick Federal Com 11 #1-Y

SHL: Unit I, 2310' FSL and 960' FEL, Section 11, T22S, R24E, Eddy County, New Mexico

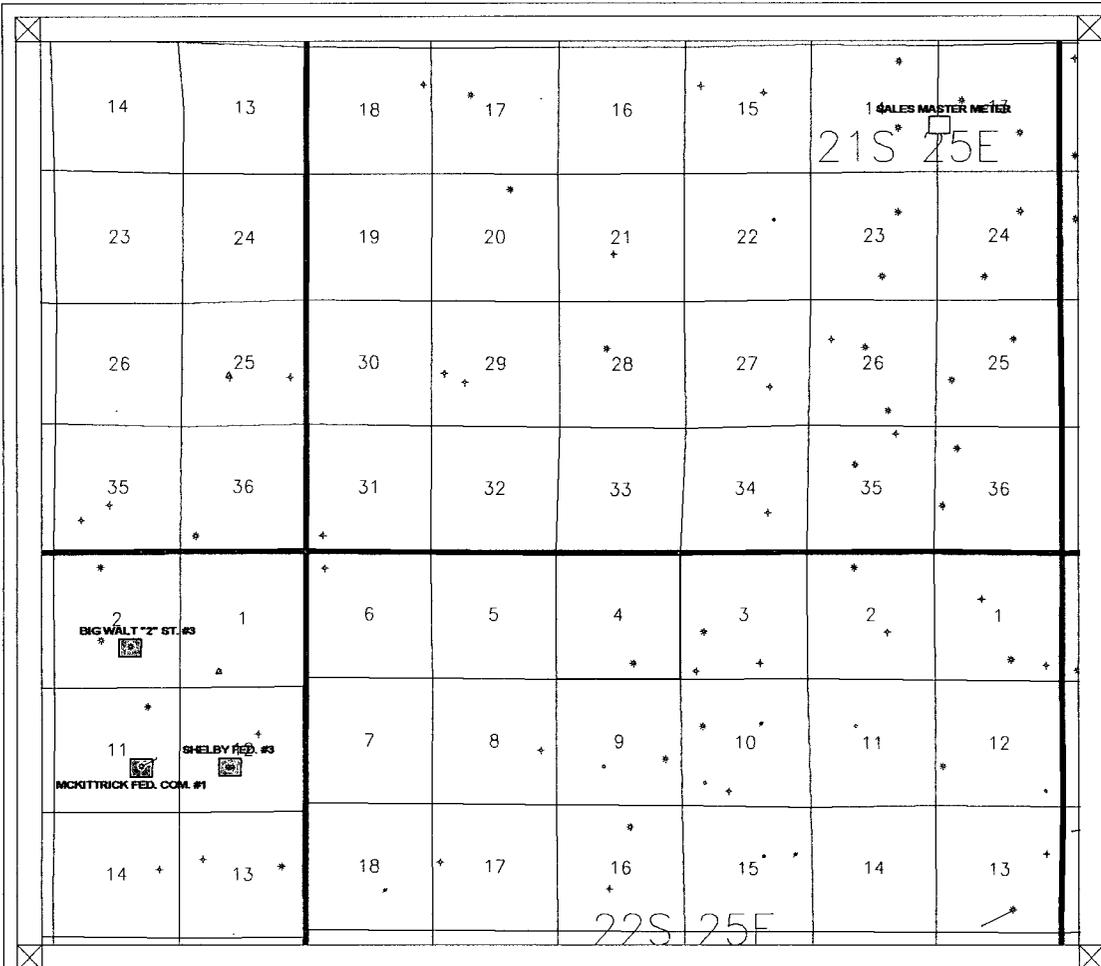
BHL: Unit ~~X~~, 2550' FNL and 400' FEL, Section 11, T22S, R24E, Eddy County, New Mexico *lt*

Shelby Federal #3

Unit K, 1900' FSL and 2150' FWL, Section 12, T22S, R24E, Eddy County, New Mexico

SECTION 13, T-21-S, R-25-E, EDDY COUNTY, NM

ATTACHMENT II



Scale 1:96000.

2000. 0. 2000. 4000. 6000. 8000. 10000. feet



ENG-MASMET

Nearburg Producing Company

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

ATTACHMENT IV

July 27, 2001

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

TO: INTEREST OWNERS AND PURCHASER
(List Attached)

RE: Notification of Application of Nearburg Producing Company
for Administrative Approval for Off Lease Gas Measurement
and Surface Commingling
Section 13, T21S, R25E, NMPM, Eddy County, New Mexico

Dear Interest Owner or Purchaser:

Nearburg Producing Company hereby notifies you that it is seeking approval to first meter and then surface commingle and off lease measure gas production from wells listed on Attachment I. The common sales meter is located in Section 13, T21S, R25E, NMPM, Eddy County, New Mexico. See Attachment II showing each well location and sales meter.

If you have objection to this request, then it is necessary for you to file a written objection within twenty (20) days of July 27, 2001, with Oil Conservation Division of the State of New Mexico. If you have no objection, then it is not necessary to do anything.

Please feel free to call if I can be of any assistance.

Very truly yours,



Kim Stewart
Regulatory Analyst

Encl.

ATTACHMENT IV (CON'T)

DISTRIBUTION LIST

Chesapeak Exploration, LP.
PO Box 14880
Oklahoma City, OK 73113-0880

Permian Resources, Inc.
PO Box 590
Midland, TX 79702

Nearburg Exploration Co, L.L.C.
PO Box 823085
Dallas, TX 7775382-3085

Duke Energy Field Services
Two Warren Place
6120 S. Yale, Suite 1200
Tulsa, OK 74136

Amoco Pipeline – ICT
502 North West Avenue
Levelland, TX 79336

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

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

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

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

WELL API NO. 30-015-28186
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
State Oil & Gas Lease No.
Lease Name or Unit Agreement Name Big Walt 2 State
Well No. 3
Pool name or Wildcat McKittrick Hills; Morrow
Well Location Unit Letter <u>K</u> : <u>1980</u> Feet From The <u>South</u> Line and <u>1980</u> Feet From The <u>West</u> Line Section <u>2</u> Township <u>22S</u> Range <u>24E</u> NMPM <u>Eddy</u> County
Elevation (Show whether DF, RKB, RT, GR, etc.) 3902' GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1 Type of Well:
OIL WELL GAS WELL OTHER

2 Name of Operator

3 Address of Operator
3300 N A St., Bldg 2, Suite 120, Midland, TX 79705

4 Well Location
Unit Letter K : 1980 Feet From The South Line and 1980 Feet From The West Line
Section 2 Township 22S Range 24E NMPM Eddy County

5 Elevation (Show whether DF, RKB, RT, GR, etc.)
3902' GR

11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ANBANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Off Lease Gas Measurement and Surface Gas Commingling</u> <input checked="" type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Nearburg Producing Company is requesting approval for Off Lease Measurement & Surface Commingling on the above referenced well.

The Big Walt 2 State #3 will be commingled with gas from the following wells.

McKittrick Federal Com 11 #1-Y
2310' FSL & 960' FEL, Section 11, T22S, R24S
Eddy County, New Mexico

Shelby Federal #3
1900' FSL and 2150' FWL, Section 12, T22S, R24E
Eddy County, New Mexico

The gas from each well is individually metered on each location.

The Off Lease measurement meter is located 1980' FSL and 100' FWL in Section 13, T21S, R25E, Eddy County, New Mexico

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

SIGNATURE Kim Stewart TITLE Regulatory Analyst DATE 07-27-01

TYPE OR PRINT NAME Kim Stewart TELEPHONE NO. 915/686-8235

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
NM 12828

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

CANM 90998

8. Well Name and No.

McKittrick Federal Com 11 #1-Y

9. API Well No.

30 015 22570

10. Field and Pool, or Exploratory Area

McKittrick Hills; Upper Penn

11. County or Parish, State

Eddy County, New Mexico

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Nearburg Producing Company

3. Address and Telephone No.

3300 North A Street, Building 2, Suite 120, Midland, TX 79705 (915) 686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL: Unit I, 2310 FSL and 960 FEL, Section 11, T22S, R24E
BHL: Unit I, 2550 FNL and 400 FEL, Section 11, T22S, R24E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Off Lease Measurement & Surface Commingling

- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Nearburg Producing Company is requesting approval for Off Lease Gas Measurement and Surface Gas Commingling for the above referenced well.

The McKittrick Federal Com 11 #1-Y will be commingled with gas from the following wells:

Big Walt 2 State #3
1980 FSL and 1980 FWL
Section 2, T22S, R24E
Eddy County, New Mexico

Shelby Federal #3
1900 FSL and 2150 FWL
Section 12, T22S, R24E
Eddy County, New Mexico

The gas from each well is individually metered on each location.

The Off Lease Measurement meter is located 1980 FSL and 100 FWL in Section 13, T21S, R25E, Eddy County, New Mexico.

Attachment II attached

14. I hereby certify that the foregoing is true and correct

Signed Kevin Steneck Title Regulatory Analyst Date 07/18/01

(This space for Federal or State price use)

Approved by David R. Glass Title _____ Date _____

Conditions of approval _____

JUL 19 2001

DAVID R. GLASS
PETROLEUM ENGINEER

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

*See Instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
NM 12828

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Shelby Federal #3

9. API Well No.

30 015 25949

10. Field and Pool, or Exploratory Area

McKittrick Hills; Upper Penn

11. County or Parish, State

Eddy County, New Mexico

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Nearburg Producing Company

3. Address and Telephone No.

3300 North A Street, Building 2, Suite 120, Midland, TX 79705 (915) 686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit K, 1900 FSL and 2150 FWL, Section 12, T22S, R24E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other <u>Off Lease Measurement & Surface Commingling</u>	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Nearburg Producing Company is requesting approval for Off Lease Gas Measurement and Surface Gas Commingling for the above referenced well.

The Shelby Federal #3 will be commingled with gas from the following wells:

Big Walt 2 State #3
1980 FSL and 1980 FWL
Section 2, T22S, R24E
Eddy County, New Mexico

McKittrick Federal Com 11 #1-Y
2310 FSL and 960 FWL
Section 11, T22S, R24E
Eddy County, New Mexico

The gas from each well is individually metered on each location.

The Off Lease Measurement meter is located 1980 FSL and 100 FWL in Section 13, T21S, R25E, Eddy County, New Mexico.

Attachment II attached

14. I hereby certify that the foregoing is true and correct

Signed [Signature] Title Regulatory Analyst Date 07/18/01

(This space for Federal or State office use)

Approved by [Signature] Title _____ Date _____

Conditions of approval [Signature]

APPROVED
JUL 19 2001
PETROLEUM ENGINEER

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 or to furnish any material information in its jurisdiction.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

*See Instruction on Reverse Side

Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(505) 627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office for wells in Chaves or Roosevelt County or the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.

***New Mexico Oil Conservation Division---Engineering Bureau
Administrative Application Process Documentation***

Date Application Received: 7/30/01

Date of Preliminary Review: 8/8/01
(Note: Must be within 10-days of received date)

Results: _____ Application Complete Application Incomplete

Date Incomplete Letter Sent: 8/8/01

Deadline to Submit Requested Information: 8/14/01

Phone Call Date: 8/13/01
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? Yes _____ No

Date Application Processed: _____

Date Application Returned: _____
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)

OIL CONSERVATION DIVISION

TELEPHONE LOG

COMPANY NAME: Neahey

PROPERTY NAME: McArthur

RESPONSIBLE OFFICIAL: Rim Stewart

APPLICATION NUMBER: 1212 33231

NAME OF ENGINEER: Catanad

DATE CALLED: 8/13/01

TIME CALLED: 2:30 P.M.

NOTES: