

~~12/2/96~~
CTB

8/2/96
433

Nearburg Producing Company

Exploration and Production
3300 North Loop West
Building 2, Suite 120
Midland, Texas 79701
915 686-6224
Fax 915 686-7805

July 16, 1996

Mr. David Catanach
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Re: Surface Commingling and Off-Lease
Storage and Measurement
Dagger Draw Upper Penn North
Eddy County, New Mexico

Dear Mr. Catanach:

Nearburg Producing Company hereby requests administrative approval for surface commingling and off-lease metering and storage from the wells listed on Attachment I to the production battery located in Units F and G, SE/4NW/4 and NE/4SW/4 of Section 31, T-19-S, R-25-E, Eddy County, New Mexico.

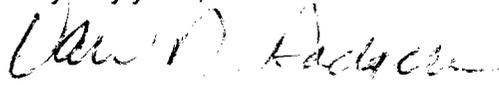
Because the ownership of these wells differs, all oil, gas and water will be individually metered prior to surface commingling. All meters will be calibrated on a regular basis. The subject wells all produce from the same zone, that being the Cisco/Canyon.

The purpose of the off-lease storage is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval, it will be necessary to install and maintain separate facilities for each well. This will greatly increase costs and shorten the economic life of the wells.

In accordance with the Oil Conservation Division's Rules 303-b and 309-b, the following diagram and lists of owners notified are enclosed for your information: Attachment II, a diagram of the measurement equipment, separators and storage tanks in accordance with the "Manual for Installation and Operation of Commingling Facilities"; Attachment III, notification of interest owners. All required notices pursuant to Rule 309-b have been mailed to these owners 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 call.

Very truly yours,



Van N. Rodgers
Production Landman

VNR:kg

Attachments

ATTACHMENT I

Dagger Draw 31 Fed #1

Unit D

660' FNL & 660' FWL Sec. 31, T19S, R25E

Dagger Draw 31 Fed #2

Unit B

660' FNL & 1930' FEL Sec. 31, T19S, R25E

Dagger Draw 31 Fed #4

Unit E

2086' FNL & 766' FWL Sec. 31, T19S, R25E

Dagger Draw 31 Fed. #5

Unit C

660' FNL & 1980' FWL Sec. 31, T19S, R25E

Dagger Draw 31 Fed #6

Unit A

660' FNL & 660' FEL Sec. 31, T19S, R25E

Foster 31 Fed #1

Unit N

600' FSL & 1980' FWL Sec. 31, T19S, R25E

Foster 31 Fed #2

Unit L

1980' FSL & 710' FWL Sec. 31, T19S, R25E

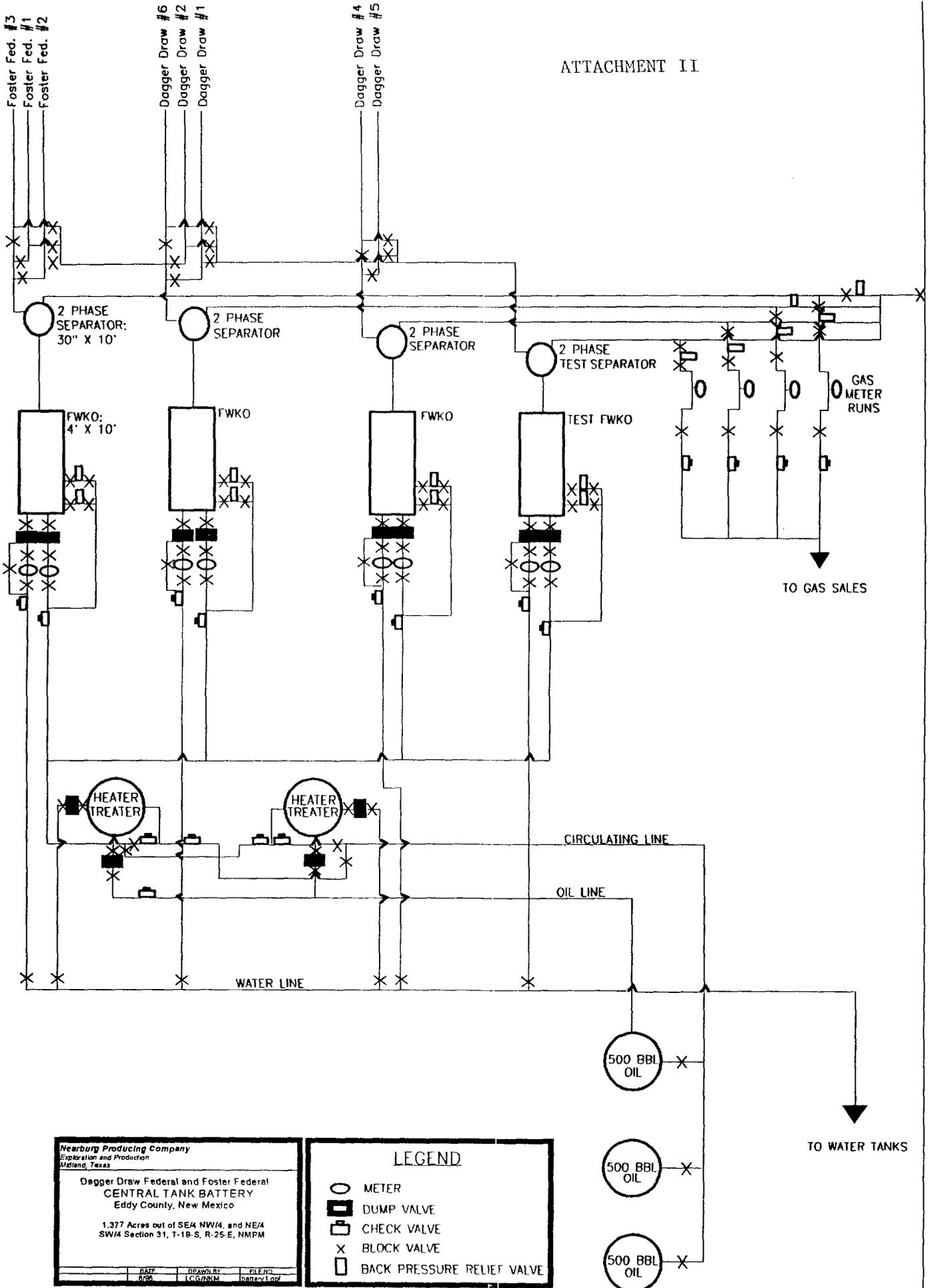
Foster 31 Fed #3

Unit M

990' FSL & 799' FWL Sec. 31, T19S, R25E

all in Eddy County, New Mexico

ATTACHMENT II



Nearburg Producing Company
 Exploration and Production
 Midland, Texas

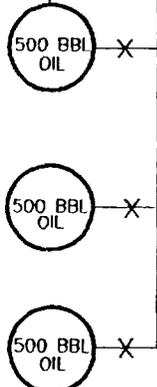
**Dagger Draw Federal and Foster Federal
 CENTRAL TANK BATTERY**
 Eddy County, New Mexico

1.377 Acres out of SE4 NW/4, and NE/4
 SW/4 Section 31, T-19-S, R-25-E, NMPM

DATE	DRAWN BY	FILE NO.
6/98	LCG/DKM	battery1.02

LEGEND

- METER
- DUMP VALVE
- CHECK VALVE
- × BLOCK VALVE
- BACK PRESSURE RELIEF VALVE



TO WATER TANKS

ATTACHMENT III

William H. Aspden
1595 South Wasatch Drive
Salt Lake City, Utah 84108

R. E. Chambers Estate
Robert E. Chambers, Jr., Independent Executor
2413 Clayton Lane
Wichita Falls, Texas 76308

W. T. Probandt
415 West Wall, Suite 1608
Midland, Texas 79701

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705