

OLS 7-31-75

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**Nearburg Producing Company**

Exploration and Production  
419 W. Cain  
Hobbs, New Mexico 88240  
505-397-4186  
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**RECEIVED**

JUN 12 1995

Oil Conservation Division

June 7, 1995

Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, NM 87504-2088  
Attn: Mr. David Catanach

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Oil Conservation Division

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

Mr. Catanach:

Nearburg Producing Company requests administrative approval under rule 309-B for off-lease metering and storage from the well on the left below to the production battery located at the well listed on the right below:

South Boyd 27 #3  
1,980' FNL and 660' FWL  
Unit E, Section 27, T19S, R25E  
Eddy County, New Mexico  
Fee Lease

South Boyd 27 #4  
1,980' FSL and 660' FWL  
Unit L, Section 27, T19S, R25E  
Eddy County, New Mexico  
Fee Lease

A flowline is planned to be laid due South, about 1,300', from the South Boyd 27 #3 to the existing NPC South Boyd 27 #4 battery. Additional separation equipment will be installed at this location for independent measurement of production from each well. Storage of the commingled liquids prior to sales will be located at the South Boyd 27 #4 battery location. A map labeled Attachment I showing the subject well locations and new flowline is enclosed for your information.

The purpose of this off-lease storage is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the wells.