

Jones, William V

Full Name: Kim Stewart
Last Name: Stewart
First Name: Kim
Job Title: Regulatory Analyst
Company: Nearburg Producing Company

Business Address: 3300 North "A" St
Building 2, Suite 120
Midland, TX 79705

Business: (915) 686-8235
Business Fax: (915) 687-4130

E-mail: kstewart@nearburg.com

Categories: Business

FAXED TO KIM
5/30/02
3:20 PM
BY WILL JONES

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [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
- [D] Other: Specify _____

MAY - 3 2002

- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kim Stewart		Regulatory Analyst	May 1, 2002
Print or Type Name	Signature	Title	Date
		kstewart@nearburg.com	
		e-mail Address	

Nearburg Producing Company

*Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915.686-8235
Fax 915.686-7806*

May 1, 2002

Mr. David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Lease Commingling for Off Lease Gas Measurement and Sales Meter Allocation Purposes
Section 3-16S-28E, Section 10-16S-28E and Section 11-16S-28E
Eddy County, New Mexico

Dear Sirs:

Nearburg Producing Company hereby requests administrative approval for Lease commingling for Off Lease Gas Measurement and sales meter allocation of the production from the wells listed on Attachment I.

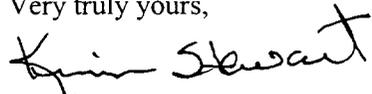
The sales meter for said wells is located in Section 4, T16S, R28E, Eddy County, New Mexico. See Attachment II showing each well location and sales meter.

All production will be metered using orifice flow meters and integrated on each individual well and the meters will be calibrated on a regular basis. Nearburg will allocate the sales meter volumes using the individual wellhead meter and integrated volumes. All gas production will be produced from the Diamond Mound; Morrow (Gas). Federal and State royalties will not be reduced by using the proposed measurement method.

Also, enclosed Attachment IV, a copy of the notification letter, which was mailed to all interest owners and to the purchasers via Certified Mail.

If you have any questions, please feel free to contact me at the letterhead address.

Very truly yours,



Kim Stewart
Regulatory Analyst

Enclosures

ATTACHMENT I

Crow Flats 3 Federal #1

Unit M, 960' FSL and 760' FWL, Section 3-16S-28E
Eddy County, New Mexico

Crow Flats 10 Federal Com #1

Unit H, 2310' FNL and 1310' FEL, Section 10-16S-28E
Eddy County, New Mexico

Crow Flats 11 Federal Com #1

Unit L, 1980' FSL and 660' FWL, Section 11-16S-28E
Eddy County, New Mexico

SALES METER

R-28-E

T-16-S

NPC
CROW FLATS "3" FED. #1

NPC
CROW FLATS "10" FED. #1

NPC
CROW FLATS "11"
FED. COM. #1

4

3

2

9

10

11



Scale 1:24000

Reference to question #8:

Detailed Economic Justification:

Nearburg wanted to negotiate a gas contract to keep all three wells economically viable. The three wells are all on Federal Leases. Since the majority of the gas is produced from one well, we needed to deliver the combined production of the three wells to the purchaser at a central point. This allowed us to negotiate a much better gas price for the lower producing wells. The two lower producing wells would have become uneconomic under a contract where the purchaser had to lay the pipe to the individual wells. Nearburg and the Working Interest Owners chose to lay pipe to the purchaser's central delivery point at no cost to the Royalty owner. (See Cost Below). This enabled us to receive a better gas contract and ultimately extended the economic life of the wells. Estimated cost paid by working Interest Owners:

Pipeline: Approx. 1-3/4 miles @ \$10/FT =	\$92,400
Meters: 3 allocation meters @ \$4,000 each =	\$12,000
Total costs:	<u>\$104,400</u>

Gas Gathering System - Allocation for Duke Wells Under Various Contracts
One Property per Each Duke Meter

FEBRUARY 2002

Purchaser: Duke Energy Field Services

Property	Property No.	Meter No.	Duke Mtr. Mcf @ 15.025 sat	Duke Mtr. Mcf @ 14.65 sat	Btu Factor @ 14.65 sat	Gross Wellhead MMBtu
CROW FLATS 3 FED NO. 1	556146	708254SC	231	237	1.1688	277
CROW FLATS 10 FED NO. 1	556147	708252SC	9,624	9,870	1.1676	11,524
CROW FLATS 11 FED NO. 1	556148	708253SC	378	388	1.1675	453

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

April 24, 2002

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

TO: INTEREST OWNERS AND PURCHASER
(List Attached)

RE: Notification of Application of Nearburg Producing Company
for Administrative Approval for Lease Commingling for Off Lease Gas Measurement
and Sales Meter Allocation Purposes
Section 3, T16S, R28E, Eddy County, New Mexico
Section 10, T16S, R28E, Eddy County, New Mexico
Section 11, T16S, R28E, 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 commingle and off lease measure gas production from wells listed on Attachment I. The common sales meter is located in Section 4, T16S, R28E, Eddy County, New Mexico. See Attachment II showing each well location and sales meter.

All production will be metered and integrated on each individual well and the meters will be calibrated on a regular basis. Nearburg will allocate the sales meter volumes using the individual wellhead meter and integrated volumes.

If you have objection to this request, then it is necessary for you to file a written objection within twenty (20) days of April 24, 2002, with Oil Conservation Division of the State of New Mexico and Bureau of Land Management. 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

Nearburg Exploration Co, L.L.C.
PO Box 823085
Dallas, TX 75382-3085

Amoco Pipeline – ICT
502 North West Avenue
Levelland, TX 77002

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

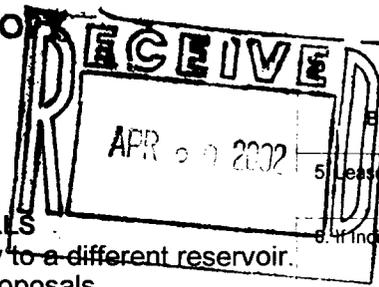
Eland Energy, Inc.
8150 North Central Expressway
Suite 400
Dallas, TX 75206

Tim R. MacDonald
23 Graham Lane
Lucas, TX 75002

Devon Energy Production Company, L. P.
PO Box 108838
Oklahoma City, OK 73101-8838

Maverick Oil & Gas Corp.
201 West Wall, Suite 803
Midland, TX 79701

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 18831
6. If Indian, Allottee or Tribe Name

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 N A St., Bldg 2, Suite 120, Midland, TX 79705 915/686-8235

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

Unit M, 960' FSL & 760' FWL, Sec 3-16S-28E

7. If Unit or CA, Agreement Designation

24774

8. Well Name and No.

Crow Flats 3 Federal #1

9. API Well No.

30 015 30706

10. Field and Pool, or Exploratory Area

Diamond Mound, Morrow

11. County or Parish, State

Eddy County, NM

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

TYPE OF SUBMISSION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Off Lease Gas Measurement & Ls Commngl.
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

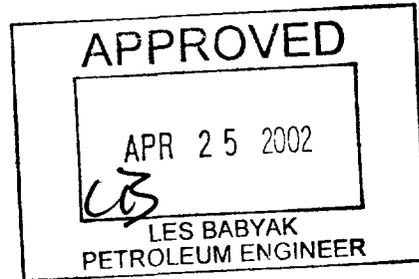
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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 requests for approval of Off Lease Gas Measurement for Sale Meter Allocations and Lease Commingling with the following wells:

- 1) Crow Flats 10 Federal Com #1
Unit H, 2310' FNL and 1310' FEL
Section 10-16S-28E
Eddy County, New Mexico
- 2) Crows Flats 11 Federal Com #1
Unit L, 1980' FSL and 660' FWL
Section 11-16S-28E
Eddy County, New Mexico

(S/2 Sect 3)



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

Signed Kim Stewart
(This space for Federal or State office use)

Title Regulatory Analyst

Date 04/24/2002

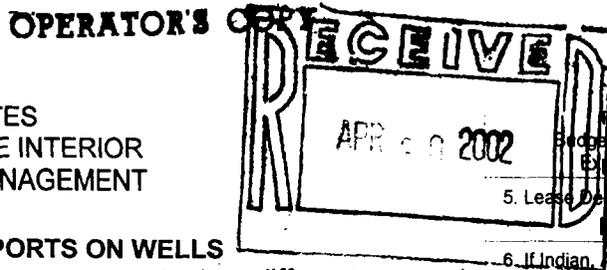
Approved by _____
Conditions of approval, if any:

Title _____

Date _____

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 as to any matter within its jurisdiction.

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.
NMNM 95630
6. If Indian, Allottee or Tribe Name

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 N A St., Bldg 2, Suite 120, Midland, TX 79705 915/686-8235

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

Unit H, 2310' FNL & 1310' FEL, Sec 10-16S-28E

7. If Unit or CA, Agreement Designation

NMNM 100724

8. Well Name and No.

Crow Flats 10 Federal Com #1

9. API Well No.

30 015 30168

10. Field and Pool, or Exploratory Area

Diamond Mound, Morrow

11. County or Parish, State

Eddy County, NM

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

TYPE OF SUBMISSION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Off Lease Gas Measurement & Ls Commngl.
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

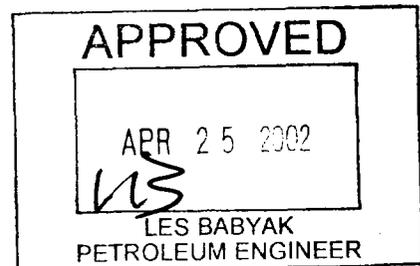
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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 requests for approval of Off Lease Gas Measurement for Sale Meter Allocations and Lease Commingling with the following wells:

- 1) Crow Flats 3 Federal #1
Unit M, 960' FSL and 760' FWL
Section 3-16S-28E
Eddy County, New Mexico
- 2) Crows Flats 11 Federal Com #1
Unit L, 1980' FSL and 660' FWL
Section 11-16S-28E
Eddy County, New Mexico

N/2 Sect 10



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

Signed Kim Stewart

Title Regulatory Analyst

Date 04/24/2002

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

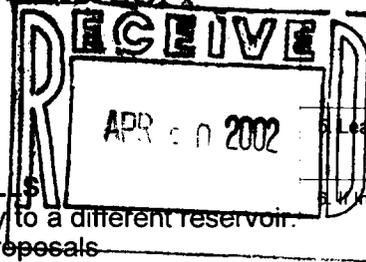
Title _____

Date _____

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 as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY



FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993
Lease Designation and Serial No.
NMNM 95630
Indian, Allottee or Tribe Name

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 N A St., Bldg 2, Suite 120, Midland, TX 79705 915/686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Unit L, 1980' FSL & 660' FWL, Sec 11-16S-28E

7. If Unit or CA, Agreement Designation

8. Well Name and No.
 Crow Flats 11 Federal Com #1

9. API Well No.
 30 015 30592

10. Field and Pool, or Exploratory Area
 Diamond Mound, Morrow

11. County or Parish, State
 Eddy County, NM

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

TYPE OF SUBMISSION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Off Lease Gas Measurement & Ls Commgl.
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

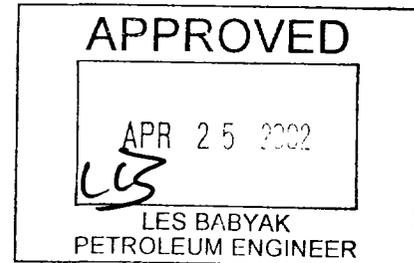
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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 requests for approval of Off Lease Gas Measurement for Sale Meter Allocations and Lease Commingling with the following wells:

- 1) Crow Flats 10 Federal Com #1
 Unit H, 2310' FNL and 1310' FEL
 Section 10-16S-28E
 Eddy County, New Mexico
- 2) Crows Flats 3 Federal #1
 Unit M, 960' FSL and 760' FWL
 Section 3-16S-28E
 Eddy County, New Mexico

(w/2 see 11)



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

Signed Kim Stewart
 (This space for Federal or State office use)

Title Regulatory Analyst

Date 04/24/2002

Approved by _____
 Conditions of approval, if any:

Title _____

Date _____

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 as to any matter within its jurisdiction.

*See Instruction on Reverse Side



WELL HEAD

3" FLOWLINE

TO GAS VENT

1 MILLION BTU
STACK PACK

CHECK
VALVE

210 BBL
F. G. H₂O
OPEN TOP
TANK

LOAD LINE
3"

LOAD LINE
3"

300 BBL
STEEL STOCK
TANK
SST-1

TO DUKE SALES METER

PRODUCTION SYSTEM - OPEN

1. Oil sales by tank gauge to tank truck
2. Seal requirements:

A. Production Phase

- (1) All valves 4 sealed closed
- (2) All valves 5 sealed closed

B. Sales Phase (Sales from SST-1)

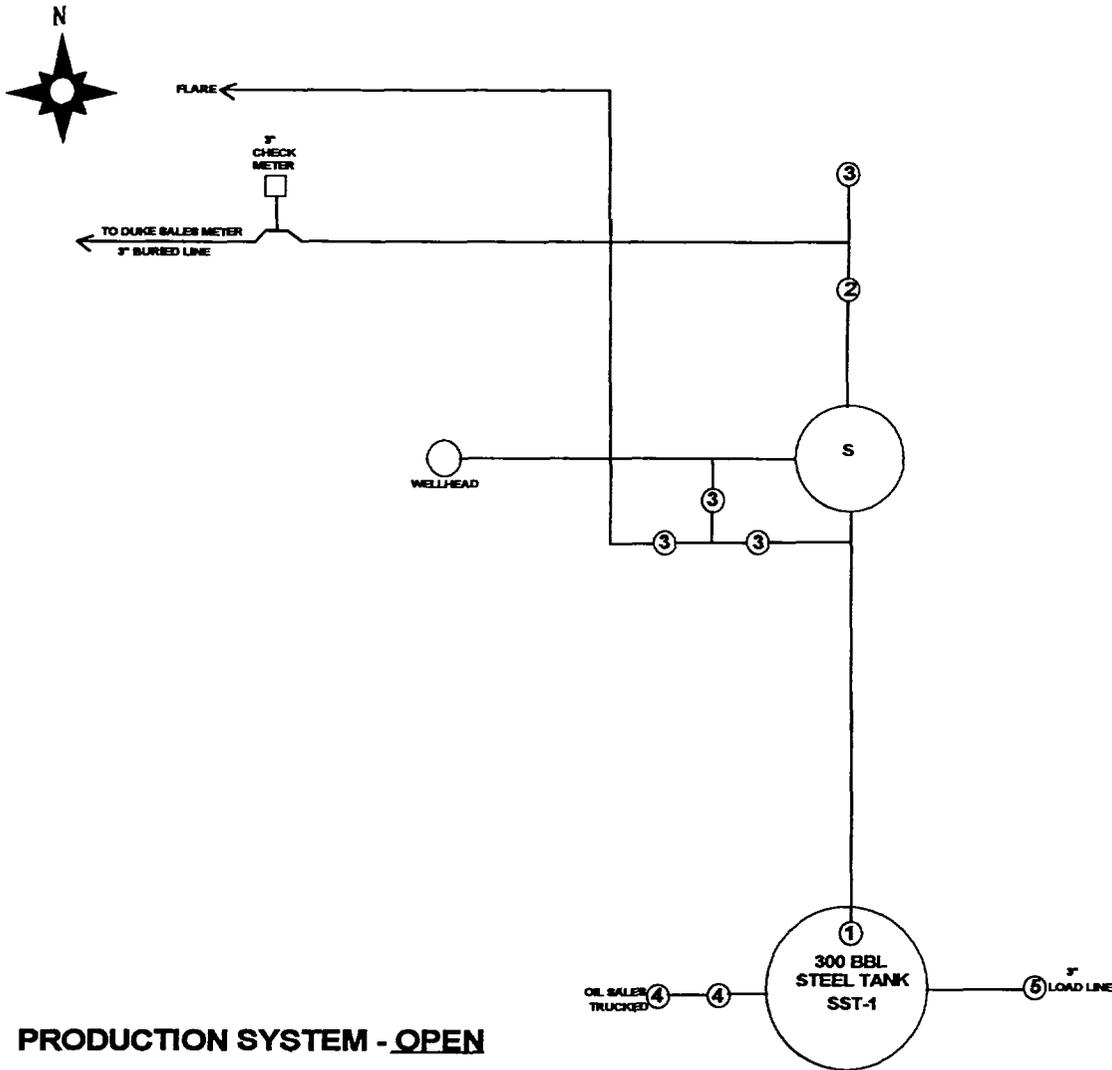
- (1) Valve 1 on SST-1 sealed closed
- (2) All valves 5 sealed closed

LOCATION OF SITE SECURITY PLANS

Nearburg Producing Company
3300 N. "A" Street, Bldg. 2, Ste. 120
Midland, Tx., 79705

Site Facility Diagram

Nearburg Producing Company
CROW FLATS "3" FEDERAL #1
NM 18831, API 30-015-30706
960' FSL & 760' FWL SECTION 3, T16S, R28E
Eddy County, New Mexico



PRODUCTION SYSTEM - OPEN

- 1. Oil sales by tank gauge to tank truck
- 2. Seal requirements:

A. Production Phase

- (1) All valves 4 sealed closed
- (2) All valves 5 sealed closed
- (3) All valves 3 sealed closed

B. Sales Phase (Sales from SST-1)

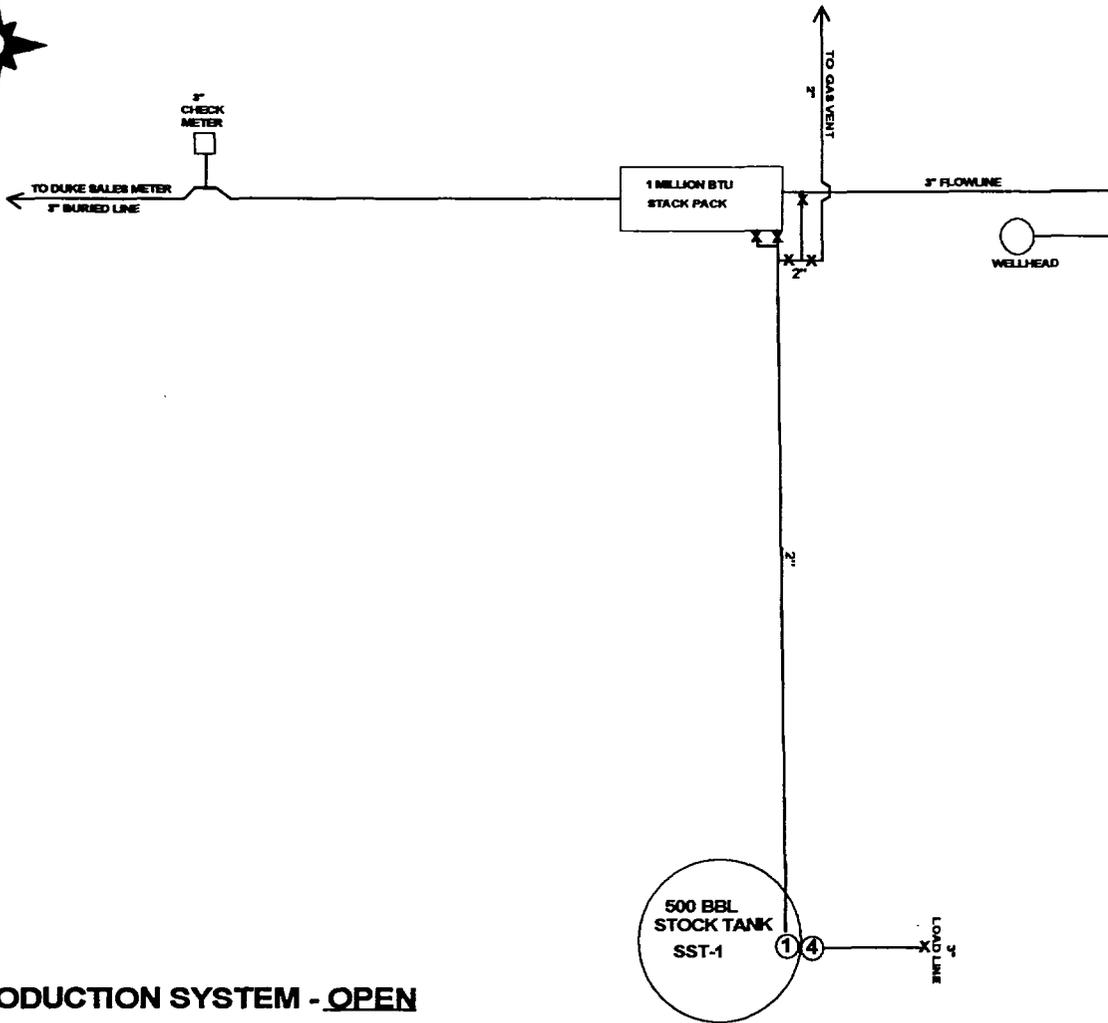
- (1) Valve 1 on SST-1 sealed closed
- (2) All valves 5 sealed closed

LOCATION OF SITE SECURITY PLANS

Nearburg Producing Company
 3300 N. "A" Street, Bldg. 2, Ste. 120
 Midland, Tx., 79705

Site Facility Diagram

Nearburg Producing Company
 CROW FLATS "10" FEDERAL #1
 NM 100724, API 30-015-30168
 2310' FNL & 1310' FEL Section 10, T16S,R28E
 Eddy County, New Mexico



PRODUCTION SYSTEM - OPEN

1. Oil sales by tank gauge to tank truck
2. Seal requirements:
 - A. Production Phase
 - (1) All valves 4 sealed closed
 - B. Sales Phase (Sales from SST-1)
 - (1) Valve 1 on SST-1 sealed closed

LOCATION OF SITE SECURITY PLANS

Nearburg Producing Company
3300 N. "A" Street, Bldg. 2, Ste. 120
Midland, Tx., 79705

Site Facility Diagram

Nearburg Producing Company
CROW FLATS "11" FEDERAL #1
NM 95630, API 30-015-30592
1980' FSL & 660' FWL Section 11, T16S, R28E
Eddy County, New Mexico

CTB -526

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766

June 20, 2002



**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

James Bruce
P. O. Box 1056
Santa Fe, NM 87504

Re: Application of Concho Oil and Gas Corp. and
Nearburg Producing Company for
Off Lease Gas Measurement and Approval of
Surface Commingling of Production
Eddy County, New Mexico

Dear Mr. Bruce:

We are in receipt of your application wherein on behalf of Concho Oil and Gas Corp. and Nearburg Producing Company you have requested our approval for lease commingling, off lease gas measurement and sales meter allocation from the following wells.

Well Name and Number	Description	Pool
Crow Flats 3 Federal # 1	SW/4SW/4 Sec. 3-16S28E	Diamond Mound Morrow
Crow Flats 10 Federal Com #1	SE/4NE/4 Sec. 10-16S-28E	Diamond Mound Morrow
Crow Flats 11 Federal Com #1	NW/4SW/4 Sec. 11-16S28E	Diamond Mound Morrow

It is our understanding that the sales meter for said wells is located in Section 4, Township 16 South, Range 28 East.

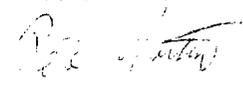
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please submit a \$30.00 dollar filing fee.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File
OCD-Attention: David Catanach, Ben Stone,
BLM-Roswell, Attn: Mr. Armando Lopez