

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED  
OMB NO. 1004-0137  
Expires March 31, 2007

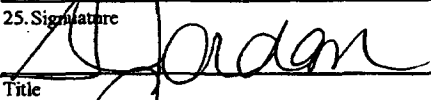
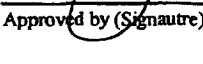
## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM16104	
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Nearburg Producing Company 15742		7. Unit or CA Agreement Name and No. 35250	
3a. Address 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705		8. Lease Name and Well No. Salt Draw 11 Federal #1	
3b. Phone No. (include area code) 432/686-8235		9. API Well No. 30-015-34436	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2590 FNL and and 330 FWL At proposed prod. zone 330 FNL and 660 FWL		10. Field and Pool, or Exploratory Willow Lake, SW; Delaware	
14. Distance in miles and direction from nearest town or post office* 21 miles SE of Carlsbad		11. Sec., T., R., M., or Blk. and Survey or Area Sec 11, 25S, 28E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 330		12. County or Parish Eddy	
16. No. of Acres in lease 1520.06		13. State NM	
17. Spacing Unit dedicated to this well 80			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 990		20. BLM/BIA Bond No. on file NMB000153	
19. Proposed Depth 6700			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2918		22. Approximate date work will start* 11/1/05	
		23. Estimated duration 40 days	

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan  | 5. Operator certification.   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Sarah Jordan	Date 9-27-05
Title Production Analyst		
Approved by (Signature) 	Name (Printed/Typed) /s/ Joe G. Lara	Date NOV 17 2005
Title ACTING FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

\*(Instructions on page 2)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHEDDrill Only - Verbal approval from  
Santa Fe for NSL

## DISTRICT I

1625 N. FRANCH DR., BOSS, NM 88240

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

## State of New Mexico

Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name <i>Willow Lake, Sw; Delaware</i>
Property Code	Property Name <b>SALT DRAW 11 FEDERAL</b>	Well Number <b>1</b>
GRID No. <b>015742</b>	Operator Name <b>NEARBURG PRODUCING COMPANY</b>	Elevation <b>2918'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	11	25-S	28-E		2590	NORTH	330	WEST	EDDY

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	11	25-S	28-E		330	NORTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>80</b>			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>B.H. Y=418712.6 N X=583373.6 E</p> <p>GRAZ. = 07°47'20" H.DIST. = 2287.7'</p> <p>DETAIL 2923.5' 2924.9' 750' 600' 2911.3' 2911.9'</p> <p>SEE DETAIL</p> <p>GEODETIC COORDINATES NAD 27 NME SURF. Y=416446.6 N X=583063.6 E</p> <p>LAT. = 32°08'40.72" N LONG. = 104°03'53.86" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>S. Jordan</i> Signature <b>S. Jordan</b> Printed Name <b>Prod. Analyst</b> Title <b>9.27.05</b> Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>SEPTEMBER 15, 2005</b></p> <p>Date Surveyed <b>JR</b></p> <p>Signature <i>Gary Edson</i> Professional Surveyor <b>GARY EDSON</b> 12641 05.11.1441 12641</p>

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company  
3300 North "A" Street, Building 2, Suite 120  
Midland, Texas 77905

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NMNM16104

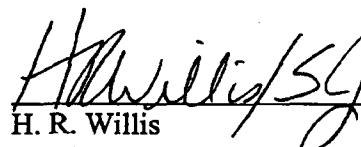
Legal Description of Land: SHL: 2590 FNL and 330 FWL  
BHL: 330 FNL and 660 FWL, Sec 11, 25S, 28E  
Eddy County, New Mexico

Formation(s) (if applicable): Delaware

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No: NMB000153

9.27.05  
Date

  
H. R. Willis  
Drilling Manager



**ATTACHMENT TO FORM 3160-3  
SALT DRAW 11 FEDERAL #1  
SHL: 2590 FNL AND 330 FWL  
BHL: 330 FNL AND 660 FWL, SEC 11, 25S, 28E  
EDDY COUNTY, NEW MEXICO**

**DRILLING PROGRAM**

**1. GEOLOGIC NAME OF SURFACE FORMATION**

Quaternary Alluvium/ Permian Ochoan

**2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS**

Delaware	2550
Cherry Canyon	3400

**3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS**

Cherry Canyon Sand 4900

**4. CASING AND CEMENTING PROGRAM**

<u>Casing Size</u>	<u>From</u> <u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
8-5/8"	0' – 850'	32#	K55	STC
5-1/2"	0' – 6700'	17#	N80	LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 12-1/4" hole to equal 850'. 8-5/8" casing will be cemented with 800 sxs Class "C" or volume necessary to bring cement back to surface.

7-7/8" hole will be drilled to 6700' and 5-1/2" production casing will be cemented with approximately 1000 sxs of Class "C" cement circulated to surface.

## **SALT DRAW 11 FEDERAL #1**

### **Page 2**

#### **5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL**

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

#### **6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM**

Spud and drill to 850' with fresh water mud for surface string. The production section from 850' to 6700' will be 10.0 ppg Brine Water system with mud weight sufficient to control formation pressures.

#### **7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT**

None required.

#### **8. LOGGING, TESTING, AND CORING PROGRAM**

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

#### **9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS**

None anticipated.

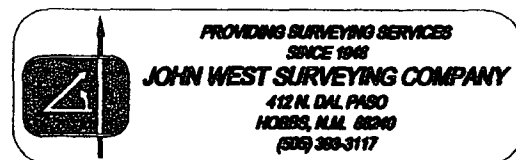
BHP expected to be 1,100 psi.

#### **10. ANTICIPATED STARTING DATE:**

Is planned that operations will commence on November 1, 2005 with drilling and completion operation lasting about 40 days.

This is a detailed topographic map of the SALT DRAW 11 FEDERAL #1 area. The map features contour lines indicating elevation, with labels such as 2950, 2960, 2970, 2980, and 2990. A prominent feature is the '1162' OF PROPOSED ROAD' shown as a dashed line. The map also includes 'U.S. HWY. #285' running vertically on the left side. Various elevation points are marked with 'x' and 'T' symbols, including points like 2999T, 2997T, 2988T, 2982T, 2972T, 2956T, 2946T, 2943T, 2932T, 2924T, 2912T, 2909T, 2906T, 2905T, 2904T, 2903T, 2902T, 2901T, 2900T, 2899T, 2898T, 2897T, 2896T, 2895T, 2894T, 2893T, 2892T, 2891T, 2890T, 2889T, 2888T, 2887T, 2886T, 2885T, 2884T, 2883T, 2882T, 2881T, 2880T, 2879T, 2878T, 2877T, 2876T, 2875T, 2874T, 2873T, 2872T, 2871T, 2870T, 2869T, 2868T, 2867T, 2866T, 2865T, 2864T, 2863T, 2862T, 2861T, 2860T, 2859T, 2858T, 2857T, 2856T, 2855T, 2854T, 2853T, 2852T, 2851T, 2850T, 2849T, 2848T, 2847T, 2846T, 2845T, 2844T, 2843T, 2842T, 2841T, 2840T, 2839T, 2838T, 2837T, 2836T, 2835T, 2834T, 2833T, 2832T, 2831T, 2830T, 2829T, 2828T, 2827T, 2826T, 2825T, 2824T, 2823T, 2822T, 2821T, 2820T, 2819T, 2818T, 2817T, 2816T, 2815T, 2814T, 2813T, 2812T, 2811T, 2810T, 2809T, 2808T, 2807T, 2806T, 2805T, 2804T, 2803T, 2802T, 2801T, 2800T, 2799T, 2798T, 2797T, 2796T, 2795T, 2794T, 2793T, 2792T, 2791T, 2790T, 2789T, 2788T, 2787T, 2786T, 2785T, 2784T, 2783T, 2782T, 2781T, 2780T, 2779T, 2778T, 2777T, 2776T, 2775T, 2774T, 2773T, 2772T, 2771T, 2770T, 2769T, 2768T, 2767T, 2766T, 2765T, 2764T, 2763T, 2762T, 2761T, 2760T, 2759T, 2758T, 2757T, 2756T, 2755T, 2754T, 2753T, 2752T, 2751T, 2750T, 2749T, 2748T, 2747T, 2746T, 2745T, 2744T, 2743T, 2742T, 2741T, 2740T, 2739T, 2738T, 2737T, 2736T, 2735T, 2734T, 2733T, 2732T, 2731T, 2730T, 2729T, 2728T, 2727T, 2726T, 2725T, 2724T, 2723T, 2722T, 2721T, 2720T, 2719T, 2718T, 2717T, 2716T, 2715T, 2714T, 2713T, 2712T, 2711T, 2710T, 2709T, 2708T, 2707T, 2706T, 2705T, 2704T, 2703T, 2702T, 2701T, 2700T, 2699T, 2698T, 2697T, 2696T, 2695T, 2694T, 2693T, 2692T, 2691T, 2690T, 2689T, 2688T, 2687T, 2686T, 2685T, 2684T, 2683T, 2682T, 2681T, 2680T, 2679T, 2678T, 2677T, 2676T, 2675T, 2674T, 2673T, 2672T, 2671T, 2670T, 2669T, 2668T, 2667T, 2666T, 2665T, 2664T, 2663T, 2662T, 2661T, 2660T, 2659T, 2658T, 2657T, 2656T, 2655T, 2654T, 2653T, 2652T, 2651T, 2650T, 2649T, 2648T, 2647T, 2646T, 2645T, 2644T, 2643T, 2642T, 2641T, 2640T, 2639T, 2638T, 2637T, 2636T, 2635T, 2634T, 2633T, 2632T, 2631T, 2630T, 2629T, 2628T, 2627T, 2626T, 2625T, 2624T, 2623T, 2622T, 2621T, 2620T, 2619T, 2618T, 2617T, 2616T, 2615T, 2614T, 2613T, 2612T, 2611T, 2610T, 2609T, 2608T, 2607T, 2606T, 2605T, 2604T, 2603T, 2602T, 2601T, 2600T, 2599T, 2598T, 2597T, 2596T, 2595T, 2594T, 2593T, 2592T, 2591T, 2590T, 2589T, 2588T, 2587T, 2586T, 2585T, 2584T, 2583T, 2582T, 2581T, 2580T, 2579T, 2578T, 2577T, 2576T, 2575T, 2574T, 2573T, 2572T, 2571T, 2570T, 2569T, 2568T, 2567T, 2566T, 2565T, 2564T, 2563T, 2562T, 2561T, 2560T, 2559T, 2558T, 2557T, 2556T, 2555T, 2554T, 2553T, 2552T, 2551T, 2550T, 2549T, 2548T, 2547T, 2546T, 2545T, 2544T, 2543T, 2542T, 2541T, 2540T, 2539T, 2538T, 2537T, 2536T, 2535T, 2534T, 2533T, 2532T, 2531T, 2530T, 2529T, 2528T, 2527T, 2526T, 2525T, 2524T, 2523T, 2522T, 2521T, 2520T, 2519T, 2518T, 2517T, 2516T, 2515T, 2514T, 2513T, 2512T, 2511T, 2510T, 2509T, 2508T, 2507T, 2506T, 2505T, 2504T, 2503T, 2502T, 2501T, 2500T, 2499T, 2498T, 2497T, 2496T, 2495T, 2494T, 2493T, 2492T, 2491T, 2490T, 2489T, 2488T, 2487T, 2486T, 2485T, 2484T, 2483T, 2482T, 2481T, 2480T, 2479T, 2478T, 2477T, 2476T, 2475T, 2474T, 2473T, 2472T, 2471T, 2470T, 2469T, 2468T, 2467T, 2466T, 2465T, 2464T, 2463T, 2462T, 2461T, 2460T, 2459T, 2458T, 2457T, 2456T, 2455T, 2454T, 2453T, 2452T, 2451T, 2450T, 2449T, 2448T, 2447T, 2446T, 2445T, 2444T, 2443T, 2442T, 2441T, 2440T, 2439T, 2438T, 2437T, 2436T, 2435T, 2434T, 2433T, 2432T, 2431T, 2430T, 2429T, 2428T, 2427T, 2426T, 2425T, 2424T, 2423T, 2422T, 2421T, 2420T, 2419T, 2418T, 2417T, 2416T, 2415T, 2414T, 2413T, 2412T, 2411T, 2410T, 2409T, 2408T, 2407T, 2406T, 2405T, 2404T, 2403T, 2402T, 2401T, 2400T, 2399T, 2398T, 2397T, 2396T, 2395T, 2394T, 2393T, 2392T, 2391T, 2390T, 2389T, 2388T, 2387T, 2386T, 2385T, 2384T, 2383T, 2382T, 2381T, 2380T, 2379T, 2378T, 2377T, 2376T, 2375T, 2374T, 2373T, 2372T, 2371T, 2370T, 2369T, 23

CONTOUR INTERVAL:  
MALAGA, N.M. - 10'

U.S.G.S. TOPOGRAPHIC MAP  
MALAGA, N.M.

**SECTION 11, TOWNSHIP 25 SOUTH, RANGE 28 EAST, N.M.P.M.,**  
 EDDY COUNTY, NEW MEXICO

2923.5'

600'

NEW MEXICO

2924.9'

150' NORTH  
 OFFSET  
 2921.3'



150' WEST  
 OFFSET  
 2917.8'

**SALT DRAW 11 FEDERAL #1**

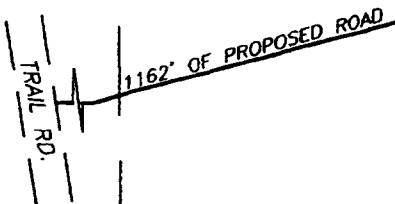


150' EAST  
 OFFSET  
 2918.8'

ELEV. 2918.1'  
 LAT. = 32°08'40.72" N  
 LONG. = 104°03'53.86" W

750'

750'



150' SOUTH  
 OFFSET  
 2915.4'

2911.3'

2911.9'

**DIRECTIONS TO LOCATION**

FROM MALAGA N.M., GO SOUTH ON U.S. HWY. 285 FOR APPROX. 5.1 MILES TO A CALICHE ROAD ON THE LEFT. TURN LEFT (EAST) AND GO APPROX. 500' TO A EL PASO P/L TRAIL ROAD. TURN RIGHT (SE) AND GO APPROX. 0.5 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY NE APPROX. 1200' TO THIS LOCATION.

600'

100

0

100

200 Feet



Scale: 1" = 100'

**NEARBURG PRODUCING COMPANY**

SALT DRAW 11 FEDERAL #1 WELL  
 LOCATED 2590 FEET FROM THE NORTH LINE  
 AND 330 FEET FROM THE WEST LINE OF SECTION 11,  
 TOWNSHIP 25 SOUTH, RANGE 28 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.

Survey Date: 09/15/05

Sheet 1 of 1 Sheets

W.O. Number: 05.11.1441

Dr By: J.R.

Rev 1:

Date: 09/21/05

Disk: CD#5

05111441

Scale: 1" = 100'



PROVIDING SURVEYING SERVICES  
 SINCE 1948

**JOHN WEST SURVEYING COMPANY**

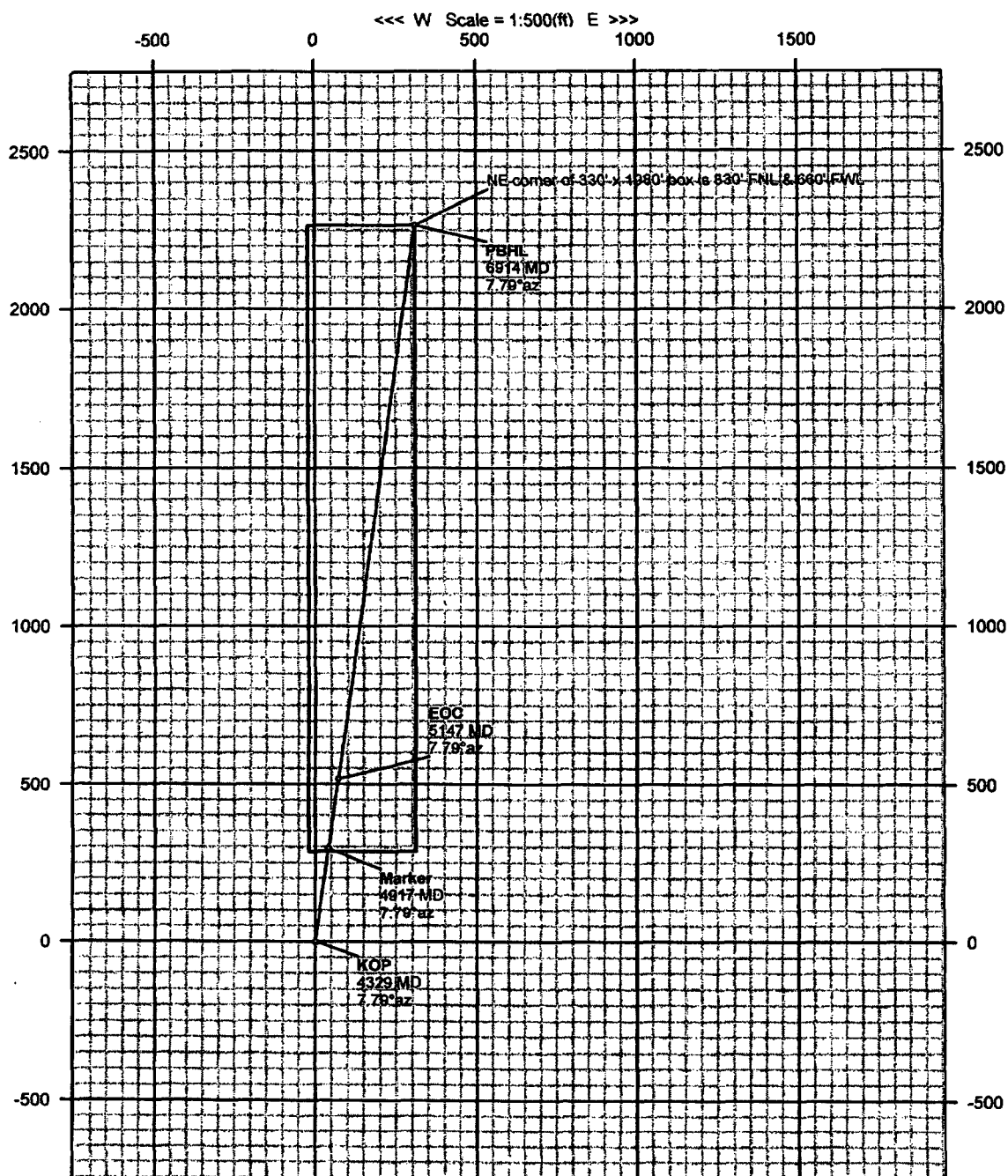
412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 383-3117

**Salt Draw 11 Fed #1**



# Nearburg Producing Company

WELL		Salt Draw 11 Fed #1		FIELD		Eddy County, NM		STRUCTURE		Salt Draw 11 Fed #1	
Magnetic Parameters				Surface Location				MAC27 New Mexico State Plane, Eastern Zone, US Feet			
Model: KARF 2005		Dip: 80.183°		Date: October 07, 2005		Lat: N32 8 40.718		Northing: 418448.80 RJ5		Grid Cont: +0.14278111"	
Mag Dec: +8.487°		FB: 48115.2 xT		Long: W104 3 53.858		Eastng: 863083.93 RJ5		Scale Feet: 0.9899168831		Plan: Salt Draw 11 Fed #1, v1	
Miscellaneous				TVD Ref: RIGS (0.00 R above)				Grey Date: F4 10:20 AM October 07, 2005			



**INTREPID**  
Directional Drilling Specialists



# Proposal



<b>Report Date:</b> October 7, 2005 <b>Client:</b> Nearburg Producing Company <b>Field:</b> Eddy County, NM <b>Structure / Slot:</b> Salt Draw 11 Fed #1 / Salt Draw 11 Fed #1 <b>Well:</b> Salt Draw 11 Fed #1 <b>Borehole:</b> Salt Draw 11 Fed #1 <b>UWI/API#:</b> <b>Survey Name / Date:</b> Salt Draw 11 Fed #1_r1 / October 7, 2005 <b>Tort / AHD / DDI / ERD ratio:</b> 90.000° / 2287.30 ft / 5.468 / 0.472 <b>Grid Coordinate System:</b> NAD27 New Mexico State Planes, Eastern Zone, US Feet <b>Location Lat/Long:</b> N 32 8 40.718, W 104 3 53.856 <b>Location Grid N/E Y/X:</b> N 416446.600 ftUS, E 583063.600 ftUS <b>Grid Convergence Angle:</b> +0.14279111° <b>Grid Scale Factor:</b> 0.99991699	<b>Survey / DLS Computation Method:</b> Minimum Curvature / Lubinski <b>Vertical Section Azimuth:</b> 7.790° <b>Vertical Section Origin:</b> N 0.000 ft, E 0.000 ft <b>TVD Reference Datum:</b> RKB <b>TVD Reference Elevation:</b> 0.0 ft relative to <b>Sea Bed / Ground Level Elevation:</b> 0.000 ft relative to <b>Magnetic Declination:</b> 8.467° <b>Total Field Strength:</b> 49119.232 nT <b>Magnetic Dip:</b> 60.163° <b>Declination Date:</b> October 07, 2005 <b>Magnetic Declination Model:</b> IGRF 2005 <b>North Reference:</b> Grid North <b>Total Corr Mag North -&gt; Grid North:</b> +8.324° <b>Local Coordinates Referenced To:</b> Well Head
--	--

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	7.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.79M
KOP	4329.13	0.00	7.79	4329.13	0.00	0.00	0.00	0.00	0.00	0.00	7.79M
	4400.00	7.80	7.79	4399.78	4.81	4.77	0.65	4.81	7.79	11.00	0.00G
	4500.00	18.80	7.79	4496.95	27.78	27.52	3.76	27.78	7.79	11.00	0.00G
	4600.00	29.80	7.79	4587.96	68.86	68.22	9.33	68.86	7.79	11.00	0.00G
	4700.00	40.80	7.79	4669.45	126.55	125.38	17.15	126.55	7.79	11.00	0.00G
	4800.00	51.80	7.79	4738.44	198.73	196.90	26.94	198.73	7.79	11.00	0.00G
	4900.00	62.80	7.79	4792.38	282.75	280.14	38.32	282.75	7.79	11.00	0.00G
Marker	4917.23	64.69	7.79	4800.00	298.20	295.45	40.42	298.20	7.79	11.00	7.79G
	5000.00	73.80	7.79	4829.31	375.52	372.05	50.90	375.52	7.79	11.00	0.00G
	5100.00	84.80	7.79	4847.85	473.62	469.25	64.20	473.62	7.79	11.00	0.00G
EOC	5147.31	90.00	7.79	4850.00	520.87	516.06	70.60	520.87	7.79	11.00	0.00G
PBHL	6913.74	90.00	7.79	4850.00	2287.30	2266.19	310.03	2287.30	7.79	0.00	0.00G

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 12116  
Order No. R-11120

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION FOR AN ORDER CREATING AND  
EXTENDING CERTAIN POOLS IN EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 7, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 21<sup>st</sup> day of January, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner.

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Cisco formation, bearing the designation of Turkey Track-Cisco Pool. The Turkey Track-Cisco Pool was discovered by the Harvey E. Yates Company Palmillo "6" State Well No. 1 located in Unit K of Section 6, Township 19 South, Range 29 East, NMPM, which was completed in the Cisco formation on October 6, 1998. The top of the perforations is at 9,562 feet.
- (3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, bearing the designation of Southwest Willow Lake-Delaware Pool. The Southwest Willow Lake-Delaware Pool was discovered by the Santa Fe Energy Resources, Inc. Chapparral "10" Well No. 1 located in Unit F of Section 10, Township 25 South, Range 28 East, NMPM, which was completed in the

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Delaware formation on September 22, 1998. The top of the perforations is at 4,776 feet.

(4) There is need for certain extensions to the North Black River-Atoka Gas Pool, the Cedar Lake-Yeso Pool, the Cemetery-Morrow Gas Pool, the Cotton Draw-Bone Spring Pool, the Crow Flats-Morrow Gas Pool, the East Eagle Creek-Atoka-Morrow Gas Pool, the Livingston Ridge-Delaware Pool, the Loco Hills-Paddock Pool, and the Logan Draw-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for Cisco production is hereby created and designated as the Turkey Track-Cisco Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 6: SW/4

(b) A new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the Southwest Willow Lake-Delaware Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM  
Section 10: NW/4

(c) The North Black River-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM  
Section 32: E/2  
Section 33: N/2  
Section 34: NW/4

(d) The Cedar Lake-Yeso Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM  
Section 19: NW/4

(e) The Cemetery-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

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TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 12: All

Section 13: N/2

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 7: W/2

Section 18: N/2

(f) The Cotton Draw-Bone Spring Pool in Eddy County, new Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 3: E/2

Section 10: NE/4

(g) The Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 9: N/2

(h) The East Eagle Creek-Atoka-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM

Section 14: All

(i) The Livingston Ridge-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 26: SW/4

(j) The Loco Hills-Paddock Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 17: NE/4

Section 22: SE/4

(k) The Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, is hereby

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extended to include:

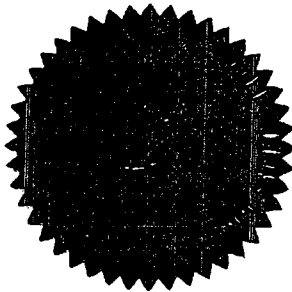
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 15: E/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain Division approval of a non-standard unit. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain Division approval of a non-standard unit within that 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be February 1, 1999.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Lori Wrotenberg*  
LORI WROTENBERG  
Director

fd/

96855

County Eddy

Pool Southwest W. How Lake - Delaware

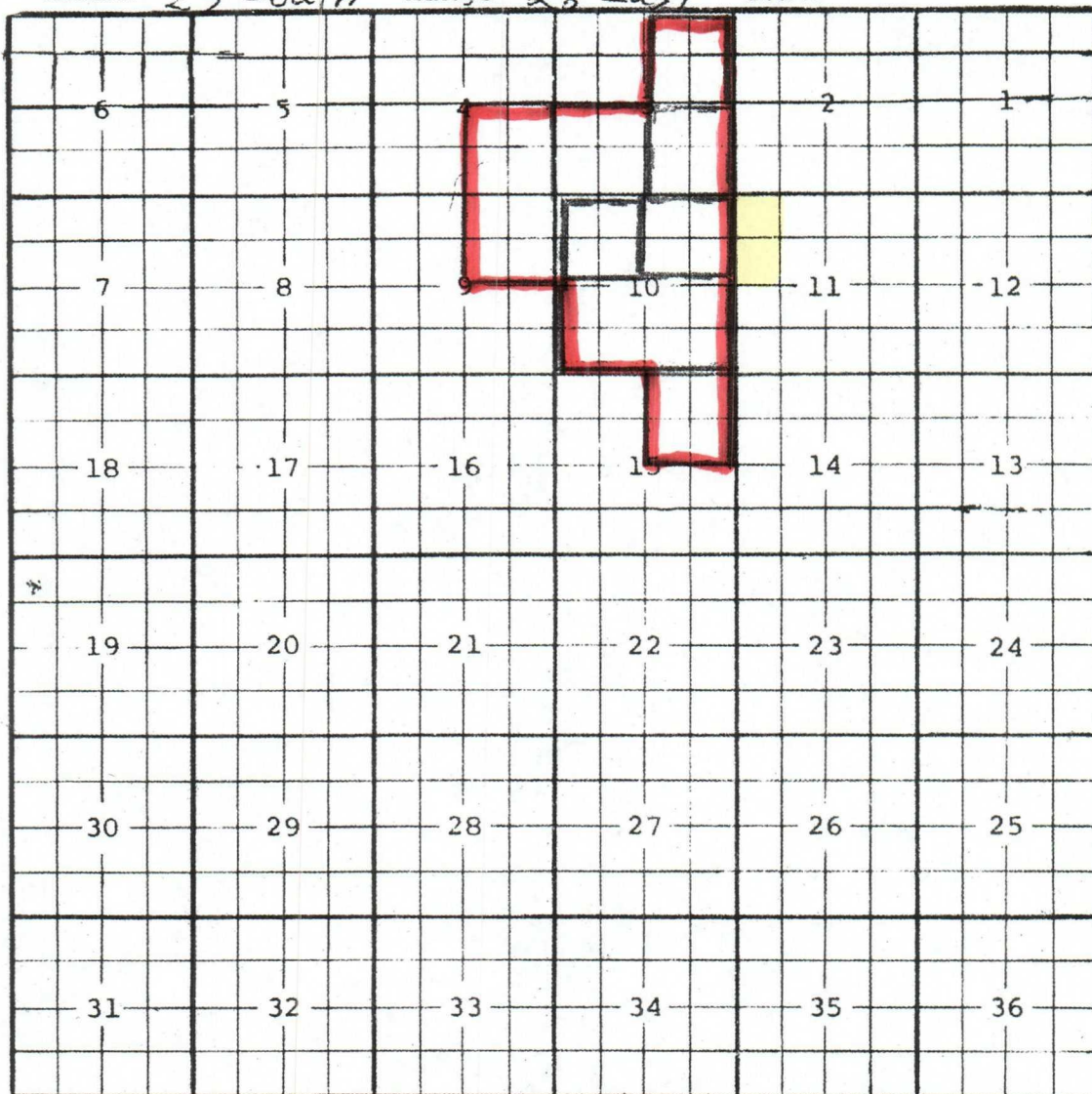
TOWNSHIP

25 South

Range

28 East

NMPM



Description: NW 1/4 Sec. 10 (R-11120, 1-21-95) Ext: NE 1/4 Sec. 10 (R-11838, 4-27-02)

Ext: SE 1/4 Sec. 4, NE 1/4 Sec. 9 (R-12002, 8-11-03) Ext: S 1/2 Sec. 10 (R-12125, 3-30-04)

Ext: SE 1/4 Sec. 3 (R-12128, 6-7-04) Ext: SW 1/4 Sec. 3 (R-12228, 10-25-04)

Ext: NE 1/4 Sec. 15 (R-12309, 3-18-05)



