

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

NEARBURG PRODUCING COMPANY

EXHIBIT NO. 1

AUTHORITY FOR EXPENDITURE

CASE NO. 9570LEASE: Price 1 WELL NO.: 1 PROPOSED TOTAL DEPTH: 12,100'LOCATION: Section I-II/S-R37EDESCRIPTION OF WORK: Drill and complete as a flowing Strawn oil producer.DATE PREPARED: 12/14/88 EST. SPUD DATE: 1/15/89 EST. COMPLETION DATE: 3/15/88

	TO CASING POINT	COMPLETION	TOTAL WELL
INTANGIBLE COSTS:			
Drilling: Footage - 12,100' @ \$12.00/ft.	\$145,200	\$ ---	\$145,200
Daywork - 4 days @ \$3900/day	11,700	3,900	15,600
Other - Mud Cleaner	3,500	---	3,500
Mud & Chemicals	18,000	---	18,000
Brine & Water	15,000	2,500	17,500
Conductor	---	---	---
Cement: Surface	3,850	---	3,850
Intermediate	12,400	---	12,400
Oil String	---	8,500	8,500
Plug	8,000	(8,000)	---
Location: Road Pad & Cleanup + Pits	10,000	3,000	13,000
Survey	750	---	750
Damages	10,000	---	10,000
Services: Logging	25,000	---	25,000
Testing - DST	7,500	---	7,500
Coring & Analysis	---	---	---
Comp. Unit, Swabbing 5 days @ \$1150/day	---	5,750	5,750
Perforating	---	5,000	5,000
Treating, Acidizing, Fracturing	---	2,500	2,500
Supervision	7,500	5,000	12,500
Other - Mud Logger	6,500	---	6,500
Hauling: Equipment	5,000	2,000	7,000
Rental	5,000	3,000	8,000
Equipment: Test Tanks, Etc.	2,000	2,000	4,000
Csg Crew, Sandblast, Ruffcoat, Insp	200	10,445	10,645
Supplies - Labor	2,500	15,000	17,500
Insurance	1,000	500	1,500
Expense Reports & Overhead	7,500	3,000	10,500
Subtotal	308,100	64,095	372,195
Contingencies - 10%	30,810	6,410	37,220
ESTIMATED TOTAL INTANGIBLES	338,910	70,505	409,415
Casing: Conductor --- ' of --- " @ \$ --- /ft	---	---	---
Surface 450' of 13-3/8" @ \$12.40/ft	5,580	---	5,580
Intermed. 4,750' of 8-5/8" @ \$10.50/ft	49,875	---	49,875
Production 12,100' of 5-1/2" @ \$ 8.22/ft	---	99,450	99,450
Tubing 11,700' of 2-3/8" @ \$ 3.00/ft	---	35,100	35,100
Rods --- of --- " @ \$ --- /rod	---	---	---
Wellheads & Misc. Fittings	1,500	10,100	11,600
Pumping Unit, Motor & Subsurface Equip.	---	---	---
Tank Battery: Tanks	---	10,000	10,000
Treater or Separator	---	7,500	7,500
Fittings	---	5,000	5,000
Flowlines & Gas Meter	---	5,000	5,000
Electrical Hookup	---	5,000	5,000
Other	---	---	---

ESTIMATED TOTAL TANGIBLES (EQUIPMENT)

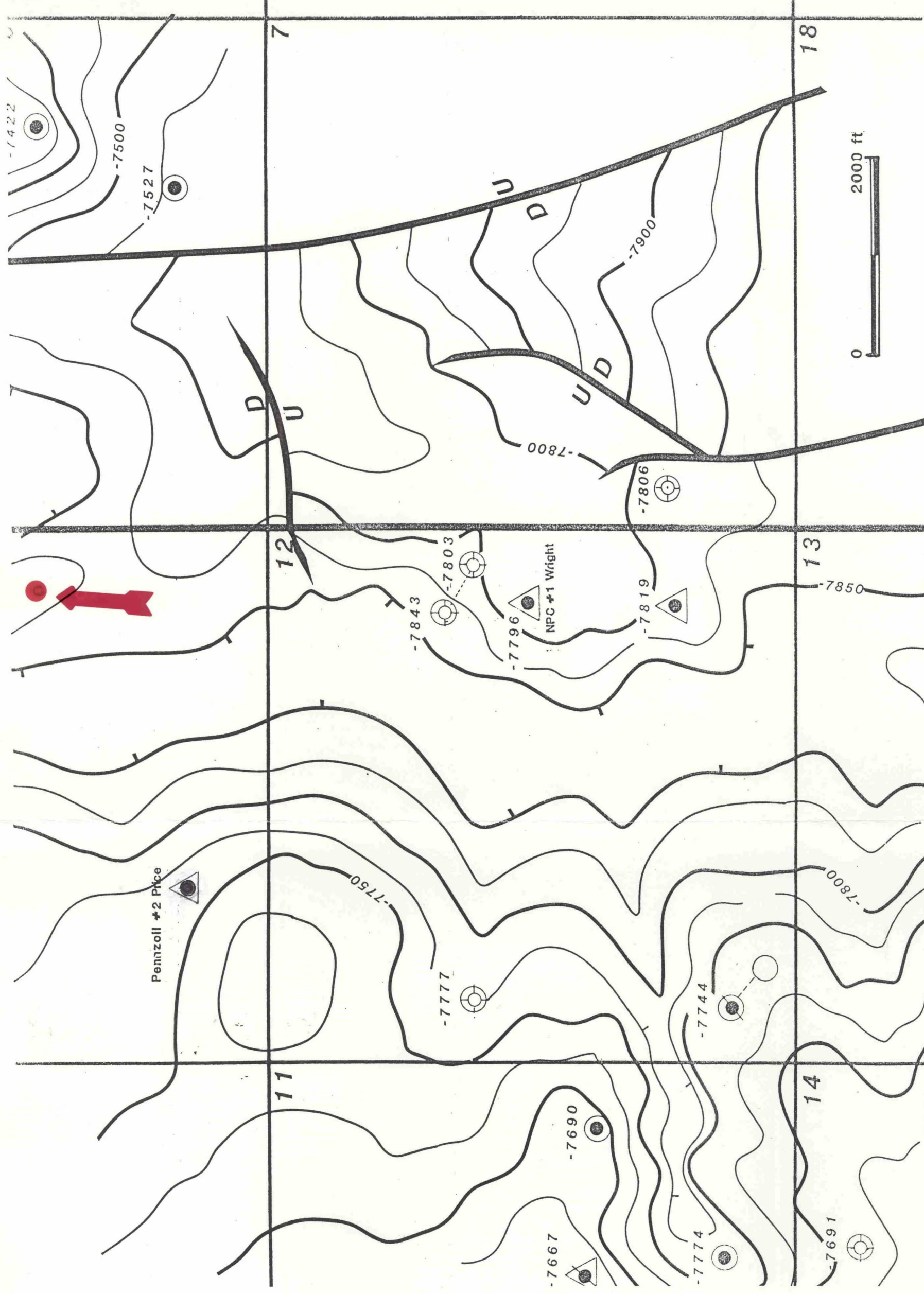
56,955	177,150	234,105
\$395,865	\$247,655	\$643,520

ESTIMATED TOTAL WELL COSTS

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND.

APPROVAL: COMPANY _____
 BY _____
 TITLE _____
 DATE _____

DRILL OH \$5760/mo
 PRODUCING OH \$576/mo



BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
NEARBOURGH EXHIBIT NO. 5
CASE NO: 9570

T/STRAWN LIMESTONE

C.I.: 25 ft.

△ STRAWN WELLS

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

CASE NO. 9570

STATE OF NEW MEXICO)) ss.
COUNTY OF SANTA FE)

J. Scott Hall
J. SCOTT HALL

Michael J. Fene
Notary Public

August 19, 1991

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
Nearburg EXHIBIT NO. 7
CASE NO. 9570

EXHIBIT "A"

Harrison Levy
4801 Clossen Blvd.
Oklahoma City, OK 73118

Lloyd G. Fowler
3426 East Hawthorne St.
Tucson, Ariz. 87500

Lillian Smalley Henning
1758 N. Santa Ana Avenue
Costa Mesa, Calif. 92626

Audrey Wilson
4771 Crosby Street
Garden Grove, Calif. 92641

Earl H. Beitler
12771 Lemonwood Lane
Garden Grove, Calif. 92640

John Clay
9469 Grossmont
La Mesa, CA 92041

Lawrence J. Clay
9469 Grossmont
La Mesa, CA 92041

Rosalind Gray
9469 Grossmont
La Mesa, CA 92041

Catherine Crawford
P. O. Box 336
Sunapel, N.H. 03782

Dr. E. M. Josephson
230 E. 61st Street
New York, N.Y. 10021

Charles Curren
1214 20th Street
Longview, WA 98623

R. L. Ray, Ltd.
P. O. Box 680
Tyler, TX 75710

Bob Bright
2631 Old Bullard Road
Tyler, TX 75703

John D. Bright
617 Top Hill
Tyler, TX 75703

Cy Nickerson
2130½ 9th Street
Greeley, CO 80631

Caroline Rice
841 W. Sunnyside, Apt. 2N
Chicago, IL 60640

Edna F. Marcum
Parkside Village #K-4
3602 Stephens Ave.
Missoula, MO 59801

Hazel Myers
P. O. Box 3
Ft. Morgan, CO 80701

Clarence Jenson
3832 Valley
Omaha, Neb. 68105

Patricia E. Anderson
204 South Division "W"
Audobon, Iowa 50025

Clemco Limited
120 S. College
Tyler, TX 75702

Jessie Wagner
512 15th Ave. Court
Greeley, CO 80631

Roy McCollister
1314 Ninth Street
Lubbock, TX

Carolyn S. Clay
9469 Grossmont Boulevard
La Mesa, CA 92041

Dale Authur Clay
P. O. Box 1406
Missoula, Montana 59801

Merritt Gneiser
6215 W. Jefferson Place
Denver, CO 80226

Bruce W. Crawford
642 B Hamilton Ave.
Palo Alto, CA 94301

Will Knight
2103 Belmead
Tyler, TX 75701

Pearl F. Carrol
E. Star Rt. Box 205A
Portales, N.M. 88130

Joe Francis
3050 W. Arizona Ave.
Denver, CO 80219

Orin Francis
10659 Ogdon St.
Denver, Colo. 80233

Murldean E. Austin
4300 Montclair
Independence, MO 6405

Lena Ann Blake
516 S. Macond
El Reno, OK 73036

Thelma Mullen
R.F.D.
Nassau, New York 12123

Doris Jean Underwood
P. O. Box 264
Rush Springs, OK 73082

Beverly Nelson
2534 S. Evanston
Tulsa, OK 74114

J. Kenneth Fesken
1535 S. Gilette
Tulsa, OK 74104

Susan Lan Griffith
125 Riverside Dr.
Greenwood, Miss. 38430

Elmer H. Wahl
3454 Potomac Ave.
Dallas, Texas 75205

Harriett Sperry
2209 "M" St.
Omaha, Neb. 68107

Elaine Woodward
2209 "M" St.
Omaha, Neb. 68107

Lonean Mattox
2858 4th Ave.
Council Bluffs, Iowa 5150

Robert L. Troth
926 Jane Place
Pasadena, Calif. 91105

Joseph Nelson
3454 Potomoc
Dallas, TX 75205

Veva or Viva Nelson
2412 Argosy Way
Hollywood, CA 90028

Gladys Penberton Shepard
Shepard Farms
Greenville, New York 10583

John H. Bates
P. O. Box 234
Los Molinos, Calif. 9605

Harry Bates
1851 Teller
Lakewood, Colo. 8021

Nina Bates
2209 "M" St.
Omaha, Nebraska 68107

Helen Vance Hespel
2166 Missouri St.
San Diego, Calif. 921

Wallace Vance
2581 Ohio St., #B
South Gate, Calif. 90280

Wayne Vance
P. O. Box 729
Crestline, Calif. 9232

Dean Beitler
484 Ave. Del Recreo
Ojai, Calif. 93023

Dorothy Francis
2847 Fillmore, Apt. 4
San Francisco, Calif. 94

Nellie M. Fuller Haven
2619 Orange Ave.
Costa Mesa, Calif. 92601

Earl F. Fowler
2000 Clay St.
New Port, Calif. 92660

Sherrill Lee Woodie
6281 Bishop St.
Cypress, Calif. 90630

Stanley Beitler
11072 Jerry Lane
Garden Grove, Calif. 92

Ray Bates
2321 King Ave.
Haltom City, Texas 76116

Shirley S. Sawyer
3865 Westwood Drive
Riverside, Calif. 92501

Amax Petroleum Corp.
507 Enterprise Bldg.
Tulsa, Oklahoma 74101

Minnie Beitler
5623 Los Palos Circle
Bueno Park, Calif. 90620

Earl Leroy Beitler
5623 Los Palos Circle
Bueno Park, Calif. 90620

Russell George Beitler
5623 Los Palos Circle
Bueno Park, Calif. 90620

Charles Evan Beitler
5623 Los Palos Circle
Bueno Park, Calif. 90620

Clifford Bates
418 S. 18th St.
Council Bluffs, Iowa 51501

Francis Smith
27722 Barcelona Ave.
Hayward, Calif. 94545

Allison Crawford
794 Lincoln Ave.
Winnetka, ILL. 60093

Marianna Clay
421 Yalupa
Santa Rosa, Calif. 95401

Claudine Clay
421 Yulupa
Santa Rosa, Calif. 95401

Grace L. Florance
P. O. Box 283
Hemet, Calif. 92343

Julianne Kline
146 Keats Ave.
Clovis, Calif. 93612

Everett Fowler
704 Stratford Drive
Eneinitas, Calif. 92024

Standard
POB 4587
Houston, Texas 77210

W. B. (Bill) Owen
116 West First
Roswell, New Mexico 88201
(505) 623-8800

July 24, 1986

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Neerburg EXHIBIT NO. 4

CASE NO. 9570

Doris Jean Underwood
P. O. Box 264
Rush Springs, OK 73082

Re: Your 1/2410 or .134 net mineral
acre interest located in
Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$
T-17-S, R-37-E, NMPM
Lea County, New Mexico
containing 322.28 gross acres
more or less

Dear Ms. Underwood:

We are attempting to acquire leases from all available mineral owners in certain tracts of land located in this area of Lea County, New Mexico. We hope to acquire enough acreage to continue our exploration plans. Since there is a large number of mineral owners in this area, it will take the cooperation from everyone involved for us to continue drilling in view of the serious downturn in the exploration industry.

To this end, may we offer to lease your acreage. We have enclosed a standard form oil and gas lease providing for a primary term of five years and lessor's royalty of 3/16. The collection draft attached to the lease provides for a total consideration of \$25.00. Based on your net acres and a bonus of \$100 per acre, you would only receive several dollars total consideration. Therefore, we offer to pay you a flat fee of \$25.00 for your granting us a lease.

If this offer meets with your approval you may conclude this matter in the following manner:

1. In front of a Notary Public please sign the lease form exactly as indicated. Ensure that the Notary Public completes the acknowledgement on the reverse side of the lease form and affixes his or her seal.

2. Endorse the reverse side of the collection draft attached to the lease as you would any check you wished to cash and hand the executed oil and gas lease and endorsed draft to the Collection Department of your bank, requesting them to forward the lease and draft to our bank, The United New Mexico Bank at Roswell, for payment. Also, please fill in the name and address of your depository bank in Paragraph 4 at the red check marks.

July 24, 1986
Page Two

3. A complete copy of the lease is included for your files and future reference.

If you have any questions concerning our offer or any of the enclosures, please don't hesitate to give me a call at (505) 623-8800. If we have not heard from you within 30 days, this offer will be deemed to have terminated.

Sincerely,



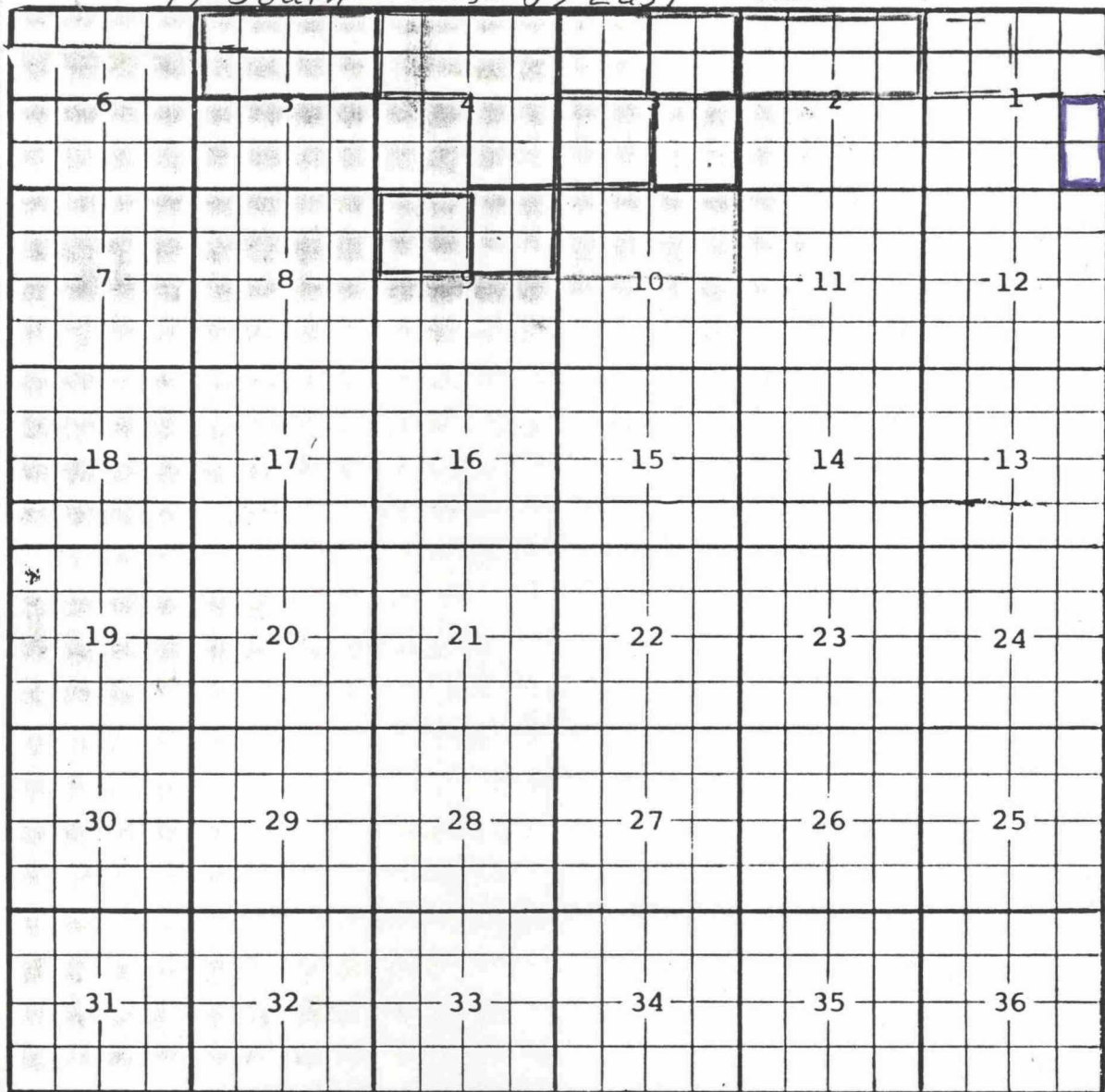
Bill Owen

BO/cs

Enclosures as noted

County Lea Pool Shipp-Strawn

TOWNSHIP 17 South Range 32 East NMPM



Description: All Sec. 3, $\frac{E}{2}$ and $\frac{E}{2} \frac{W}{2}$ Sec. 4, $\frac{NE}{4}$ and $\frac{E}{2} \frac{NW}{4}$ Sec. 9, $\frac{N}{2}$ Sec. 10 (R-8062, 10-31-85)

Amend horizontal limits to be $\frac{N}{2}$ and $\frac{SE}{4}$ Sec. 4 ^{only} (R-8062-A, 1-21-86)

Ext: $\frac{NE}{4}$ Sec. 9 (R-8214, 5-1-86) Ext: $\frac{NW}{4}$ Sec. 9 (R-8340, 11-3-86)

Ext: $\frac{NW}{4}$ Sec. 3 (R-8409, 3-7-87) Ext: $\frac{NE}{4}$ Sec. 3 (R-8451, 6-3-87)

Ext: $\frac{SE}{4}$ SEC 3 (R-8533, 10/28/87) EXT: $\frac{N}{2}$ SEC 5 (R-8603, 2/1/88)

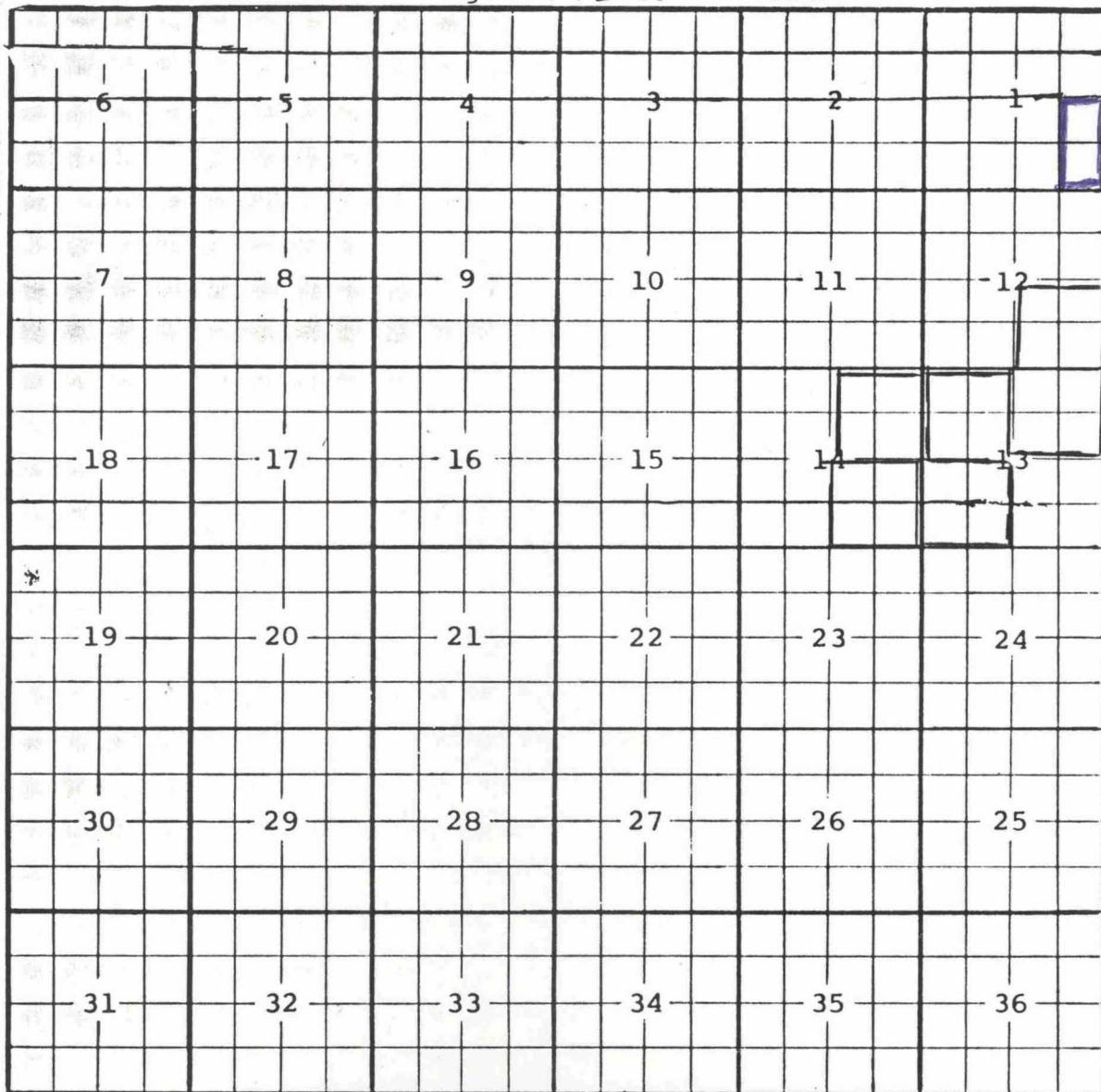
EXT: $\frac{N}{2}$ SEC 2, $\frac{SW}{4}$ SEC 3 (R-8626, 4/1/88)

County Lea Pool South Humble City - Strawn

TOWNSHIP

17 South Range 37 East

NMPM



Desc: SE/4 sec 14 (R-6913, 3-5-82)

Ext: SW/4 Sec. 13 (R-7372, 10-20-83) Ext: NW/4 Sec. 13 (R-8193, 3-21-86)

Ext: NE/4 Sec. 14 (R-8256, 7-8-86) Ext: SE/4 Sec. 12, NE/4 Sec. 13 (R-8299, 9-4-86)

COUNTY LeaPOOL Humble City - StrawnTOWNSHIP 17 SouthRANGE 37 East

NMFM

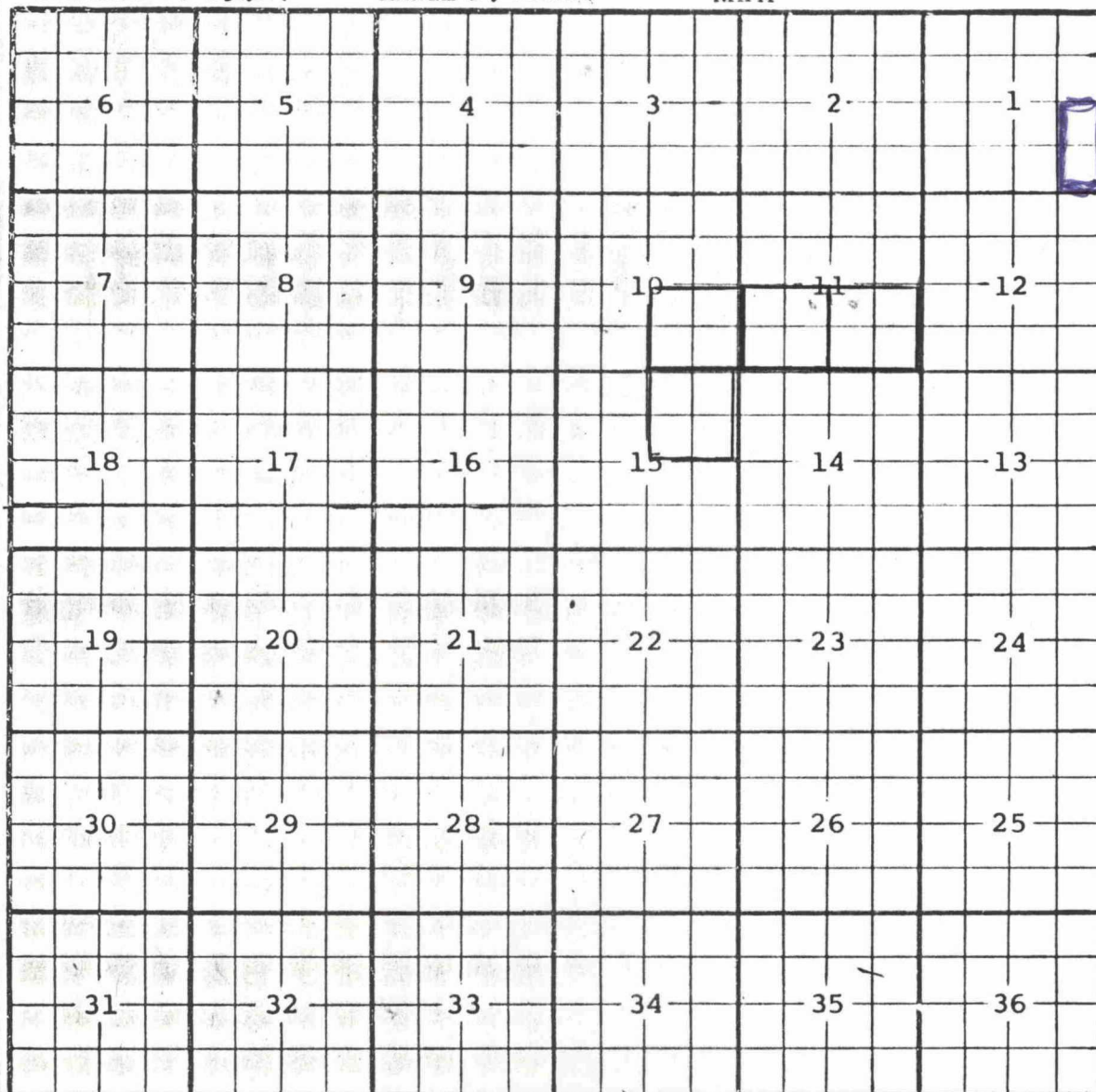
Description: $\frac{SW}{4}$ Sec. 11 (R-4304, 6-1-72)Ext: $\frac{SE}{4}$ Sec. 11 (R-4338, 7-17-72) - $\frac{SE}{4}$ Sec. 10 (R-4511, 5-1-73)Ext: $\frac{NE}{4}$ Sec. 15 (R-4809, 6-18-74)

EXHIBIT A

1. Elmer H. Wahl, Inc.
3454 Patomoc Ave.
Dallas, Texas 75205
2. Dr. C. S. Daley
no known address
3. Harrison Levy and wife, Helen S. Levy
4801 Classen Blvd.
Oklahoma City, Oklahoma 73118
4. Joseph Nelson
no known address
use Elmer H. Wahl, Inc.
5. Veva or Neva Nelson
2412 Argosy Way
Hollywood, Calif. 90028
6. Doris Jean Underwood
P. O. Box 264
Rush Springs, OK. 73082
7. Lena Ann Blake, Deceased
H. L. Farris, Administrator
516 S. Macomd
El Reno, OK. 73036
8. Audrey M. Curry
no known address
9. The Colorado Corp.
per in Bankrupt, William C. Lam, Trustee
U. S. District Court, Case No. 71-B-1216
Denver, Colorado
10. Beverly B. Nelson
2534 S. Evanston
Tulsa, OK. 74114
11. J. Kenneth Fasken
1535 S. Gillette
Tulsa, Oklahoma 74104
12. Susan Lam Griffith, Judith Lam LaForge
Jones Weldon Lam, Jr., Mayo Norman
All C/O Susan Norman
125 Riverside Dr.
Greenwood, Miss. 38430
13. Standard Oil & Production Co.
P. O. Box 4587
Houston, Texas 777210

Price Family Trust 1I #1
 Section 1-17S-37E
 E/2 SE/4 Proration Unit
 Lea County, New Mexico

17S-37E

17S-38E

Nearburg 97.02%
 Others 1.52%
 (See Exh.A)
 Sohio 1.46%

Osborn Heirs
 Operator

Penzoil
 Operator
 Price #1

Price #1

Osborn Heirs 48.7%
 Others 51.3%
 (See Exh.B)

Nearburg 97.02%
 Pooled 1.52%
 (See Exh.A)
 Sohio 1.46%

Price #2

Penzoil
 Operator

Nearburg
 Operator

Nearburg
 Operator

Howenstein #1

1st

BEFORE EXAMINER CATANACH
 OIL CONSERVATION DIVISION

Nearburg EXHIBIT NO. 3

CASE NO. 9570

SAN LUIS-MESAVERDE POOL - Cont'd)

(2) That for allowable purposes, the 40-acre proportional factor for pools in the 0-5000 foot depth range shall apply to the said San Luis-Mesa Verde Oil Pool.

San Luis-Mesa Verde Oil Pool and the same are hereby promulgated as hereinafter set forth.

SPECIAL RULES AND REGULATIONS FOR THE SAN LUIS-MESAVERDE OIL POOL.

RULE 1. Each well drilled in the San Luis-Mesa Verde Oil Pool shall be located no nearer than 150 feet to the outer boundary of the quarter-quarter section or to the nearest well producing from the same common source of supply, provided, however, that offset wells to the discovery well which are drilled in the NW/4 SE/4 of Section 21 may be located nearer than 300 feet to the discovery well.

San Luis-Mesa Verde Oil Pool shall produce and deliver to the 40-acre unit allowable for wells in the 0-5000 foot depth in Northwest New Mexico, regardless of the number of wells drilled on such 40-acre proportion unit.

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

**SHIP-STRAWN POOL,
Laa County, New Mexico**

Order No. R-8062-A, Creating and Adopting Temporary Operating Rules for the Ship-Strawn Pool, Laa County, New Mexico, January 21, 1986.

Application of the Oil Conservation Division Order No. R-8062-A, Motion to Amend Division Order No. R-8062-A, to Amend the Horizontal Limits of the East Lovington-Pennsylvania Pool, Laa County, New Mexico.

CASE NO. 8790
Order No. R-8062-A

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8 a.m. on December 18, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of January, 1986, the Division Director, having heard the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Division Order No. R-8062 issued on October 31, 1986, in Case No. 8696 classified, created and designated the Ship-Strawn Pool, promulgated temporary special rules and regulations therefor, and assigned an oil discovery allowable to the pool. The pool is located in the East Lovington-Pennsylvania Pool, Laa County, New Mexico, and the same are hereby promulgated as hereinafter set forth.

4. Township 17 South, Range 37 East, NMPM, all in Laa County, New Mexico.

(3) In the present case, the New Mexico Oil Conservation Division (Division), on its own motion seeks the following amendments to Division Order No. R-8062:

(a) correction of the oil discovery allowable assigned to Pennzoid Company Varsen Well No. 1;

(b) amendment of the horizontal limits of the pool;

(c) revision of the well location provisions of the Special Pool Rules to require well locations to be no further than 150 feet from the center of a governmental quarter-quarter section or lot; and

(d) deletion of the limitation imposed on the pool restricting the applicability of the Special Pool Rules to the area within the pool boundaries.

(4) The Division further seeks to correct the horizontal limits of the East Lovington-Pennsylvania Pool by the deletion of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Laa County, New Mexico.

(5) The evidence presented in this case indicated that:

(a) The NW/4 NW/4 of said Section 4 is more properly classified as being in the Ship-Strawn Pool than the East Lovington-Pennsylvania Pool;

(b) there is insufficient evidence at this time to include more than the N/2 and SE/4 of said Section 4 within the boundaries of said Ship-Strawn Pool;

(c) the special rules for the Ship-Strawn Pool should not be limited to that area only within the boundaries of said pool but should apply also within one mile thereof; and,

(d) rules requiring well locations within 150 feet of the center of the quarter-quarter section would better serve to protect the correlative rights of the owners within said pool.

(6) The evidence presented at this hearing also demonstrated that the discovery allowable assigned to the Pennzoid Company Varsen Well No. 1, located 2130 feet from the South line and 660 feet from the East line of said Section 4, was improperly calculated and should be reduced to 55,995 barrels of oil total.

(7) An order entered amending said discovery allowable revising said pool boundaries and special rules, and incorporating the above described changes in special pool rules will better protect correlative rights and will not result in waste.

(8) The effective date of this order should be January 21, 1986.

IT IS THEREFORE ORDERED THAT:

(1) The East Lovington-Pennsylvania Pool as heretofore defined and described in hereby corrected by the deletion of the NW/4 NW/4 of Section 4, Township 17 South, Range 37 East, NMPM, Laa County, New Mexico.

(2) The horizontal limits of the Ship-Strawn Pool, as heretofore defined and described in Laa County, New Mexico, are hereby amended to include therein the following described area only:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 4: N/2 and SE/4

(SHIP-STRAWN POOL - Cont'd)

(3) The temporary Special Rules and Regulations for the Ship-Strawn Pool are hereby amended to read in their entirety as follows:

SPECIAL RULES AND REGULATIONS FOR THE SHIP-STRAWN POOL.

RULE 1. Each well completed or recompleting in the Ship-Strawn Pool or in the Strawn formation within one mile of the Ship-Strawn Pool, and not nearer to or within the limits of another designated Strawn pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleting in the Ship-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter-quarter section, provided, however, that a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit or when the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application may state that such notice has been furnished. The Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Ship-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. The application, setting forth the reasons therefor, shall be filed with the application and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proportion unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. Top unit allowable for a standard proportion unit (79 through 81 acres) shall be based on a depth bracket allowable of 445 barrels per day, and in the event there is more than one well on an 80-acre proportion unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proportion unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(1) The location of any well permitted in drilling to or recompleting in the Ship-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District office of the Division in writing of the name and location of the well on or before April 1, 1986.

(2) The locations of any other wells presently permitted in drilling to or recompleting in the currently defined Ship-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District office of the Division in writing of the name and location of the well on or before April 1, 1986.

(3) The amount of the discovery allowable assigned to the Pennzoid Company Varsen Well No. 1, located 2130 feet from the South line and 660 feet from the East line of Section 4, Township 17 South, Range 37 East, NMPM, Laa County, New Mexico, as set out in 55,995 barrels of oil to be produced as a rule not to exceed 76 barrels per day in accordance with Division General Rule 509.

(4) The effective date of this order and of the pool and pool rule changes included herein shall be January 21, 1986.

(5) Pursuant to Paragraph A of Section 70-218, NMSA (1978), existing wells in the Ship-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules, or, pursuant to Paragraph C, of said Section 70-218, existing wells may have non-standard spacing or proportion units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Unit said Form C-102 has been filed or until a non-standard unit has been approved and a subsequent well in the Ship-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(6) This case shall be reported at an examiner hearing in November, 1986, showing cause why the Ship-Strawn Pool should not be developed on 40-acre proportion units.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

HUMBLE CITY-STRAWN POOL

Lea County, New Mexico

Order No. R-4338 Adopting Temporary Operating Rules for the Humble City-Strawn Field, Lea County, New Mexico, July 17, 1972.

Order No. R-4338-A, July 23, 1973, extends to July, 1974, the temporary rules adopted in Order No. R-4338.

Order No. R-4338-B, October 22, 1974, makes permanent the rules adopted in Order No. R-4338.

Application of Harding Oil Company for a Discovery Allowable and Special Pool Rules, Lea County, New Mexico.

CASE NO. 4749
Order No. R-4338

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on June 28, 1972, at Santa Fe, New Mexico, before Examiner Elvira A. Utz.

NOW, on this 17th day of July, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being duly advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harding Oil Company, seeks the promulgation of special rules and regulations for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proportion units.

(3) That the applicant also seeks the assignment of an oil discovery allowance in the amount of approximately 57,100 barrels to the discovery well for said pool.

(4) That the evidence presently available indicates that the Harding Oil Company E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, is a discovery well. The discovery well, which has been designated the Humble City-Strawn Pool, that the vertical limits of said pool have been defined as the Strawn formation, and that the horizontal limits of said pool have previously been defined as the SW 1/4 of said Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. It is entitled to and should receive a bonus discovery oil allowable in the amount of 57,100 barrels, based upon the top of the perforations in said well at 11,420 feet to be assigned over a two-year period.

(5) That the discovery well for the aforesaid pool, E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 57,100 barrels, based upon the top of the perforations in said well at 11,420 feet to be assigned over a two-year period.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in June 1973, at which time the Commission should be advised as to whether the proposed rules should be prepared to appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

(10) That the horizontal limits of the Humble City-Strawn Pool should be extended to include the SE 1/4 of the above-described Section 11.

IT IS THEREFORE ORDERED:

(1) That the Humble City-Strawn Pool in Lea County, New Mexico, be extended to include therein, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 11: SE/4

(2) That the Harding Oil Company E. D. Shipp Well No. 1, located in Unit K of Section 11, Township 17 South, Range 37 East, Humble City-Strawn Pool, Lea County, New Mexico, is hereby authorized an oil discovery allowable of 57,100 barrels to be assigned to said well at the rate of 79 barrels per day in accordance with Rule 508 of the Commission Rules and Regulations.

(3) That temporary Special Rules and Regulations for the Humble City-Strawn Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS

HUMBLE CITY-STRAWN POOL

RULE 1. Each well completed or recompleted in the Humble City-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N 1/2, S 1/2, E 1/2, and W 1/2 of a section, or any part thereof, and shall be so located that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may from time to time, at his discretion, suspend the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators desiring the proposed non-standard unit shall file with the Secretary-Director a map or certified map and the application shall state that such notice has been furnished. The Secretary-Director may approve the

(HUMBLE CITY-STRAWN POOL - Cont'd.)

application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by the presence of a well in the Strawn formation or in the Humble City-Strawn Pool. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location. If no such waiver is received within 30 days after the Secretary-Director has received the application.

RULE 6. A standard proportion unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one standard proportion unit in a well, the total allowable shall be the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proportion unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Humble City-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Secretary-Director of the Commission of such location by registered or certified mail on or before August 1, 1972, giving name and location of the well on or before August 1, 1972.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Humble City-Strawn Pool shall have dedicated acreage in the Humble City-Strawn Pool of 14.5 acres; and, in the event of a well in the Humble City-Strawn Pool of 14.5 acres, the well may have non-standard spacing or proportion units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission shall constitute a violation of the provisions of said Form C-102. Any well in violation of the provisions of said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Humble City-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in June, 1973, at which time the operators in the subject pool may appear and show cause why the Humble City-Strawn Pool should not be developed on other than 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

BLACK RIVER-PENNSYLVANIAN GAS POOL

Eddy County, New Mexico

Order No. R-4698 Adopting Operating Rules for the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico, February 1, 1974.

Application of Amoco Production Company for the Adoption of Pool Rules, Eddy County, New Mexico.

CASE NO. 5142
Order No. R-4698

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on January 3, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of January, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being duly advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Amoco Production Company, is drilling a gas well in the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That said Black River-Pennsylvanian Gas Pool was created and designated by the Commission by Order No. R-1824 effective December 1, 1960.

(4) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age or older in Southeast New Mexico which were created and defined by the Commission shall be subject to the provisions of Rule 104, inasmuch as it was found that Southeast New Mexico "a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules providing a provision for 320-acre spacing for the Black River-Pennsylvanian Gas Pool in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(6) That no appearance was made at the hearing of the instant case and no objection was received to the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of Pennsylvanian age or older.

(7) That one well in the Black River-Pennsylvanian Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

[illegible]

EXHIBIT B

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Jennie M. Parks
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Thelma Mullen
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Hayward, Calif. 94545

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Vicki Hayes
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Omaha, Neb. 68107

Harriett Sperry
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December 13, 1988

RECEIVED

DEC 15 1988

HAND-DELIVERED

OIL CONSERVATION DIVISION

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Case 9570

Re: In the Matter of the Application of Nearburg Producing
Company for an Unorthodox Oil Well Location and
Compulsory Pooling, Lea County, New Mexico

In the Matter of the Application of Nearburg Producing
Company for an Unorthodox Well Location, Eddy County, New
Mexico

and

In the Matter of the Application of Nearburg Producing
Company for an Unorthodox Well Location, Eddy County, New
Mexico

Dear Mr. LeMay:

Enclosed are three Applications for Nearburg Producing Company in
the above-referenced cases. Nearburg Producing Company
respectfully requests that these matters be placed on the docket
for the Examiner hearings scheduled on January 4, 1989.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

Enclosures

cc w/enclosures: Mr. Mark K. Nearburg
Nearburg Producing Company

RECEIVED

DEC 13 1988

BEFORE THE

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
NEARBURG PRODUCING COMPANY FOR AN
UNORTHODOX OIL WELL LOCATION,
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 9570

APPLICATION

COMES NOW NEARBURG PRODUCING COMPANY, by and through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving an unorthodox oil well location and for an order pooling all of the mineral interests in the Strawn formation in and under all of ^{the E/2 SE/4 of} Section 1, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant seeks approval of an unorthodox oil/gas well location to drill the Price Family Trust #1 Well, to be located 2310 feet from the South line and 600 feet from the East line of Section 1, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. A standard 80-acre oil spacing and proration unit comprised of the E/2 SE/4 of said Section 1 should be dedicated to the well.

4. Applicant seeks an exception to the well location requirements of Oil Conservation Division Rule 104 to permit the drilling of the well at the above described unorthodox location to

a depth sufficient to adequately test the Strawn formation,
Northeast Lovington Penn Pool.

5. Applicant has sought and obtained either voluntary
agreement for pooling or farmout from all other interest owners in
the acreage to be pooled in said Section 1, except for the
following interest owners:

Elmer H. Wahl
3454 Patomac Avenue
Dallas, Texas 75205

Dr. C. S. Daley
(address unknown)

Harrison Levy and
Helen S. Levy
4801 Classen Blvd.,
Oklahoma City, Oklahoma 73118

Joseph Nelson
c/o Elmer H. Wahl, Inc.
3454 Patomac Avenue
Dallas, Texas 75205

Veva or Neva Nelson
2412 Argosy Way
Hollywood, California 90028

Doris Jean Underwood
Post Office Box 264
Rush Springs, Oklahoma 73082

Lena Ann Blake
516 S. Macomd
El Reno, Oklahoma 73036

Audrey M. Curry
(address unknown)

The Colorado Corporation
per in bankrupt,
William C. Lam, Trustee
U.S. District Court
Denver, Colorado

Beverly B. Nelson
2534 S. Evanston
Tulsa, Oklahoma 74114

J. Kenneth Fasken
1535 S. Gilette
Tulsa, Oklahoma 74104

Susan Lam Griffith
Judith Lam LaForge
Jones Weldon Lam, Jr.
Mayo Norman
c/o Susan Norman
125 Riverside Drive
Greenwood, Mississippi 38430

5. That approval of this application will afford applicant the opportunity to produce its just and equitable share of the gas in the Strawn formation and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights and will avoid the drilling of unnecessary wells.

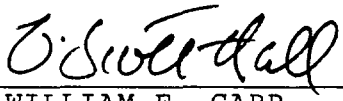
6. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on January 4, 1989, and that after notice and hearing as required by law, the Division enter its order pooling the lands,

including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
J. SCOTT HALL
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR NEARBURG
PRODUCING COMPANY

RECEIVED

DEC 13 1936

BEFORE THE

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
NEARBURG PRODUCING COMPANY FOR AN
UNORTHODOX OIL WELL LOCATION,
AND COMPULSORY POOLING,
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APPLICATION

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1. Applicant seeks approval of an unorthodox oil/gas well location to drill the Price Family Trust #1 Well, to be located 2310 feet from the South line and 600 feet from the East line of Section 1, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. A standard 80-acre oil spacing and proration unit comprised of the E/2 SE/4 of said Section 1 should be dedicated to the well.

4. Applicant seeks an exception to the well location requirements of Oil Conservation Division Rule 104 to permit the drilling of the well at the above described unorthodox location to

a depth sufficient to adequately test the Strawn formation, Northeast Lovington Penn Pool.

5. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the acreage to be pooled in said Section 1, except for the following interest owners:

Elmer H. Wahl
3454 Patomac Avenue
Dallas, Texas 75205

Dr. C. S. Daley
(address unknown)

Harrison Levy and
Helen S. Levy
4801 Classen Blvd.,
Oklahoma City, Oklahoma 73118

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c/o Elmer H. Wahl, Inc.
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per in bankrupt,
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Tulsa, Oklahoma 74114

J. Kenneth Fasken
1535 S. Gillette
Tulsa, Oklahoma 74104

Susan Lam Griffith
Judith Lam LaForge
Jones Weldon Lam, Jr.
Mayo Norman
c/o Susan Norman
125 Riverside Drive
Greenwood, Mississippi 38430

5. That approval of this application will afford applicant the opportunity to produce its just and equitable share of the gas in the Strawn formation and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights and will avoid the drilling of unnecessary wells.

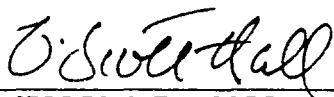
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including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
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Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR NEARBURG
PRODUCING COMPANY

RECEIVED

DEC 13 1988

BEFORE THE

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
NEARBURG PRODUCING COMPANY FOR AN
UNORTHODOX OIL WELL LOCATION,
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 9570

APPLICATION

COMES NOW NEARBURG PRODUCING COMPANY, by and through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving an unorthodox oil well location and for an order pooling all of the mineral interests in the Strawn formation in and under all of Section 1, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant seeks approval of an unorthodox oil/gas well location to drill the Price Family Trust #1 Well, to be located 2310 feet from the South line and 600 feet from the East line of Section 1, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

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Greenwood, Mississippi 38430

5. That approval of this application will afford applicant the opportunity to produce its just and equitable share of the gas in the Strawn formation and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights and will avoid the drilling of unnecessary wells.

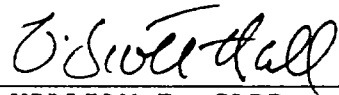
6. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on January 4, 1989, and that after notice and hearing as required by law, the Division enter its order pooling the lands,

including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

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