

CAMPBELL & BLACK, P.A.

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January 25, 1988

HAND DELIVERED

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

RECEIVED

JAN 26

OIL CONSERVATION DIVISION

Re: Oil Conservation Division Case No. 9294  
In the Matter of the Application of Nearburg Producing  
Company for a Non-Standard Proration Unit and  
Unorthodox Gas Well Location, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Nearburg Producing Company in the  
above-referenced case. Nearburg Producing Company respectfully  
requests that this matter be placed on the docket for the  
Examiner hearings scheduled on February 17, 1988.

Very truly yours,



WILLIAM F. CARR

WFC/mlh

Enclosures

cc w/enclosure: Mark K. Nearburg  
Nearburg Producing Company

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

IN THE MATTER OF THE APPLICATION OF  
NEARBURG PRODUCING COMPANY FOR A  
NON-STANDARD PRORATION UNIT AND,  
UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 9294

APPLICATION

COMES NOW NEARBURG PRODUCING COMPANY, by and through its undersigned attorneys, hereby makes application to the Oil Conservation Division for approval of a non-standard proration unit and an unorthodox gas well location, and in support thereof would show the Division:

1. Applicant is the operator of Lots 1 and 2 and the E/2 NW/4 and the NE/4 of Section 7, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico and proposes to drill the Glass 7 Well #1 at a point 1980 feet from the North line and 660 feet from the West line of said Section 7.

2. 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 Morrow formation, Undesignated Four Mile Draw-Morrow Gas Pool.

3. A non-standard 318.85 acre proration unit comprised of Lots 1 and 2 and the E/2 NW/4 and the NE/4 of said Section 7 should be dedicated to the well.

4. The proposed proration unit is non-standard because of United States Public Land Survey variation.

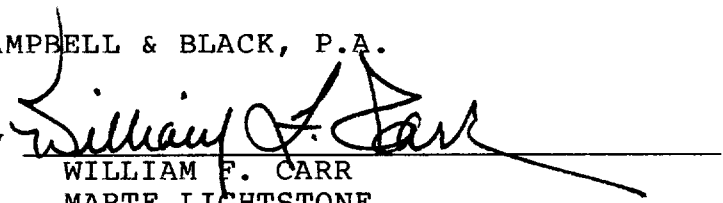
5. That approval of this application will afford applicant the opportunity to produce its just and equitable share of hydrocarbons underlying this spacing unit and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 17, 1988, and that after notice and hearing as required by law, the Division enter its order granting this application and providing such other and further relief as is proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By



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

ATTORNEYS FOR NEARBURG PRODUCING COMPANY

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

IN THE MATTER OF THE APPLICATION OF  
NEARBURG PRODUCING COMPANY FOR  
COMPULSORY POOLING, UNORTHODOX GAS  
WELL LOCATION, AND A NON-STANDARD  
GAS PRORATION UNIT, EDDY COUNTY,  
NEW MEXICO.

FEB 7 1979  
OIL CONSERVATION DIVISION  
CASE NO. 9294

A M E N D E D  
APPLICATION

NEARBURG PRODUCING COMPANY, by and through its undersigned attorneys, and as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application to the Oil Conservation Division for an Order pooling all of the mineral interests in the Morrow formation, and under Lots 1 and 2 and the E/2 NW/4 and the NE/4 (the N/2) of Section 7, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Applicant also seeks approval of an unorthodox well location, and a 318.89 acre non-standard gas proration unit, and in support thereof would show the Division:

1. Applicant owns or represents approximately 88.77% of the working interest in and under the N/2 of Section 7, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit, which contains only 318.89 acres due to survey variation, to its Glass 7 Well No. 1 to be drilled at an unorthodox location 1980 feet from the North line and 660 feet from the West line of said Section 7, to be drilled to a depth sufficient to test the Morrow formation, Undesignated Four Mile Draw-Morrow Gas Pool.

3. A non-standard 318.89 acre gas proration unit comprising the N/2 of said Section 7 is to be dedicated to the well.

4. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the N/2 of said Section 7, except for the following working interest owners:

Liberty National Bank Trust Department Post Office Box 25848 Oklahoma City, Oklahoma 73125 Trustee of Lynette W. Wall Trust and Patsy L. Carmoney Trust	7.59% net
Mary Louise Hubbartt Rt. 2, Box 2517-B Hartwell, Georgia 30643	1.52 net
Billie Manning 6223 South Cook Drive Littleton, Colorado 80121	1.52 net
Gail McCleese 1605 19th Street West Sacramento, California 95651	0.60 net

5. Said pooling of interests and approval of the unorthodox well location will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

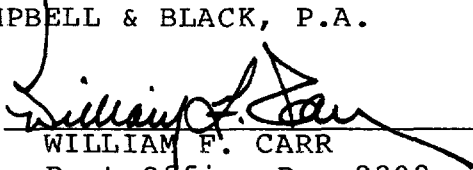
6. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, the unorthodox well location should be granted and Applicant should be designated the Operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 17, 1988, and that after notice and hearing as required by law, the Division enter its order pooling the lands, approving the unorthodox well location, and non-standard gas proration unit, and including provisions in its Order 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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Santa Fe, New Mexico 87504  
(505) 988-4421

ATTORNEYS FOR NEARBURG PRODUCING COMPANY

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

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

CASE NO. 9294

A M E N D E D  
APPLICATION

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1. Applicant owns or represents approximately 88.77% of the working interest in and under the N/2 of Section 7, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Glass 7 Well No. 1 to be drilled at an unorthodox location 1980 feet from the North line and 660 feet

from the West line of said Section 7, to be drilled to a depth sufficient to test the Morrow formation, Undesignated Four Mile Draw-Morrow Gas Pool.

3. A standard 320 acre gas proration unit comprising the N/2 of said Section 7 is to be dedicated to the well.

4. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the N/2 of said Section 7, except for the following working interest owners:

Liberty National Bank Trust Department Post Office Box 25848 Oklahoma City, Oklahoma 73125 Trustee of Lynette W. Wall Trust and Patsy L. Carmoney Trust	7.59% net
Mary Louise Hubbartt Rt. 2, Box 2517-B Hartwell, Georgia 30643	1.52 net
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5. Said pooling of interests and approval of the unorthodox well location will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

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, the unorthodox well location should be granted and Applicant should be designated the Operator of the well to be drilled.

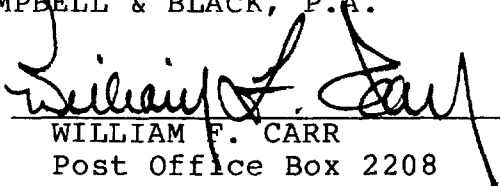


WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 17, 1988, and that after notice and hearing as required by law, the Division enter its order pooling the lands, approving the unorthodox well location, and including provisions in its Order 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.

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WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
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ATTORNEYS FOR NEARBURG PRODUCING COMPANY

Case 9294 -- AMENDED APPLICATION

Nearburg Producing Company

Unorthodox Gas Well Location and Compulsory Pooling, Eddy County

Glass 7 Well No. 1

1980' FNL and 660' FWL

Section 7, Township 19 South, Range 26 East, Eddy County

N/2 of Section 7

(Lots 1 and 2, E/2 NW/4 and NE/4)

Undesignated Four Mile Draw-Morrow Gas Pool

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JAN 26 1988

OIL CONSERVATION DIVISION