

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

O. Jones.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
Bureau No. 1004-0135
Expires: March 31, 1993

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

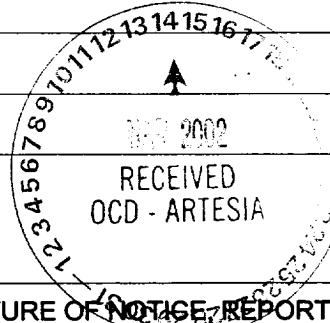
SUBMIT IN TRIPLICATE

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 E, 1650' FNL & 990' FWL, Sec 33-17S-27E



5. Lease Designation and Serial No.
NMLC026874F

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation
NMNM94518

8. Well Name and No.
Exxon 33 Federal Com #1

9. API Well No.
30-015-29021

10. Field and Pool, or Exploratory Area
Logan Draw; 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	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Off Lease Gas Measurement & Le Commngl.	<input type="checkbox"/> 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) Trigg 29 Federal Com #1
Unit I, 1400' FSL and 750' FEL
Section 29-17S-27E
Eddy County, New Mexico
- 2) Chevron 32 State Com #1
Unit A, 1090' FNL and 990' FEL
Section 32-17S-27E
Eddy County, New Mexico

Accepted for record - NMOCD

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

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

Signed Alexis C. Swoboda

Title Regulatory Analyst

Date 02/11/2002

(This space for Federal or State office use)

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

MAR 13 2002

Approved by
Conditions of approval, if any:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

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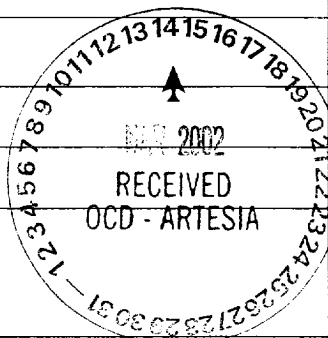
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3300 N A St., Bldg 2, Suite 120, Midland, TX 79705 915/686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
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Eddy County, New Mexico
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Unit A, 1090' FNL and 990' FEL
Section 32-17S-27E
Eddy County, New Mexico

APPROVAL SUBJECT TO
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SPECIAL STIPULATIONS ATTACHED

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

Signed Kim Stewart

Title Regulatory Analyst

Date 02/11/2002

(This space for Federal or State office use)

(ORIG. SGD.) ALEXIS C. SWOBODA

PETROLEUM ENGINEER

Approved by
Conditions of approval, if any:

Title

Date MAR 13 2002

Nearburg Producing Company

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

RECEIVED

2002 FEB 20 AM 8:48

BUREAU OF LAND MGMT.
ROSWELL OFFICE

RECEIVED

MAR 11 2002

BLM
ROSWELL, NM

February 19, 2002

Bureau of Land Management
2909 West Second Street
Roswell, NM 88201

RE: Lease & Surface Commingling for Off Lease Gas Measurement and Sales Meter
Allocation Purposes
Section 29-17S-27E, Section 32-17S-27E and Section 33-17S-27E
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.

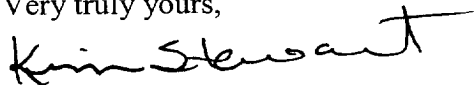
The sales meter for said wells is located in Section 28, T17S, R27E, Eddy County, New
Mexico. See Attachment II showing each well location and sales meter.

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 Logan Draw Morrow (Gas). Federal 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 owner 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

Chevron 32 State Com #1

Unit A, 1090' FNL and 990' FEL, Section 32-17S-27E
Eddy County, New Mexico

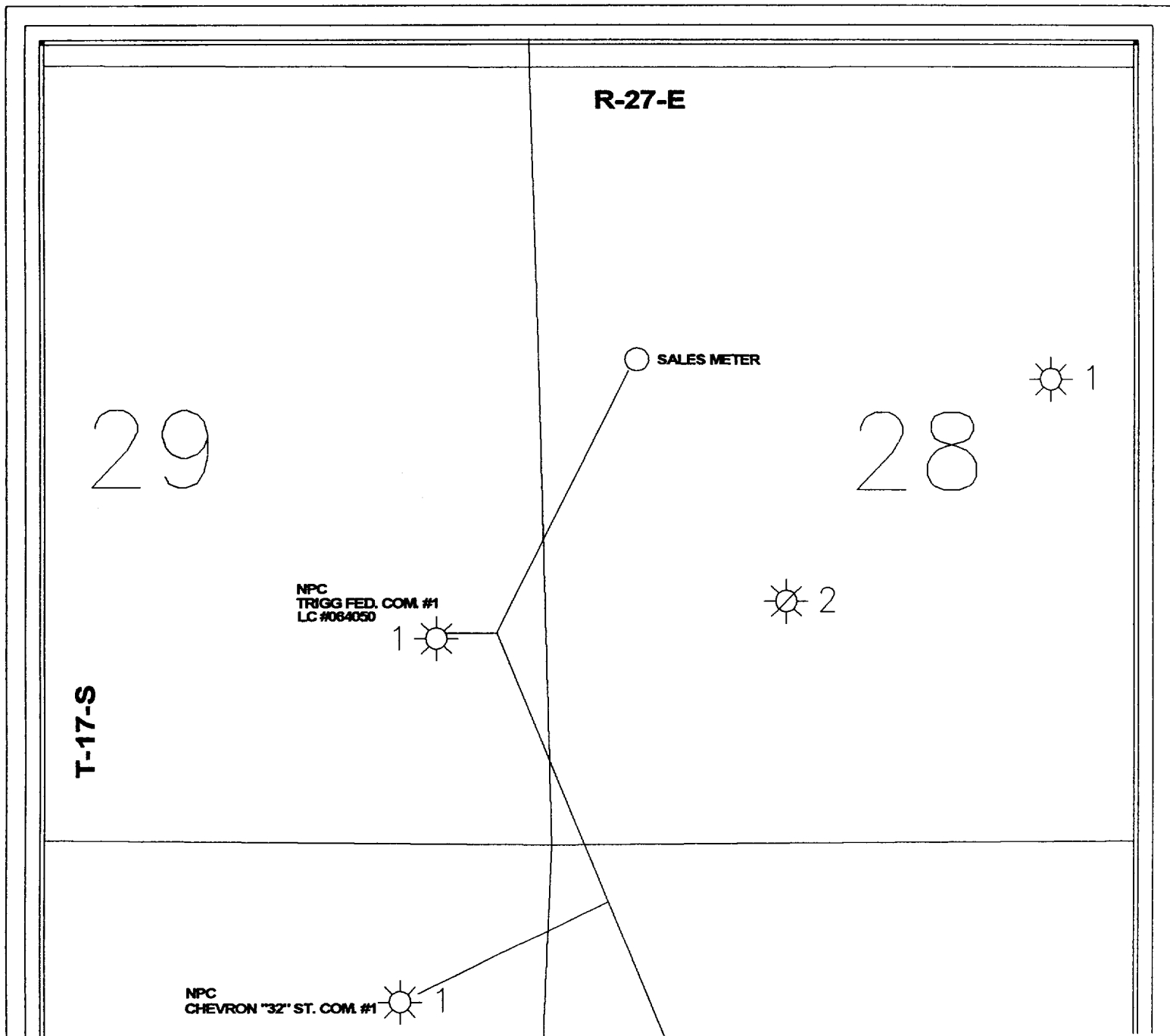
Exxon 33 Federal Com #1

Unit E, 1650' FNL and 990' FWL, Section 33-17S-27E
Eddy County, New Mexico

Trigg 29 Federal Com #1

Unit I, 1400' FSL and 750' FEL, Section 29-17S-27E
Eddy County, New Mexico

ATTACHMENT II



TRIGG CPD ALLOCATION - METER 68414

DECEMBER 2001

Purchaser: Coral Energy Resources, LP

Pipeline: El Paso Field Services

Actual Volume

Property	Property No.	Foiltech		Allocated Sales to each well		
		Wellhead @ 14.65 sat Mcf	Allocated Percentage	Mcf @14.73	Mcf @15.025	MMBtu
Chevron 32 St Com No. 1	556124	9,044	0.155065	8,928	8,753	9,786
Exxon 33 Fed No. 1	556550	37,679	0.646029	37,197	36,467	40,769
Trigg 29 Fed Com No. 1	556240	11,601	0.198906	11,453	11,228	12,552
Total		58,324	1.000000	57,578	56,448	63,107

Total Sales

Reference to question #8:

Detailed Economic Justification:

Nearburg negotiated a low transportation rate with El Paso Field Services. Nearburg was able to negotiate the rate by dedicating multiple wells and delivering our gas to a central point on El Paso Field Services system. The gas is subsequently delivered to our market on El Paso's mainline, where we receive spot market pricing. The gas price is increased under this type of central delivery point contract. The central point contract enables us to deliver a larger package of gas to a mainline point, where we can negotiate a higher price per mmbtu on larger packages of gas. A higher gas price always helps the long term economics. The royalty owner benefits the most from this type of contract. The working interest owners lay the pipe to the central point at no cost to the royalty owner. (see cost below) The above contract provides us a better gas price, which extends the economic life of the wells.

Estimated cost paid by working Interest Owners:

Pipeline: Approx. 1.41 miles @ \$10/FT =	\$74,500
Meters: 3 allocation meters @ \$4,000 each =	\$12,000
Total costs:	<u>\$86,500</u>

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

February 19, 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 Surface Commingling for Off Lease Gas
Measurement and Sales Meter Allocation Purposes
Section 29, T17S, R27E, Eddy County, New Mexico
Section 32, T17S, R27E, Eddy County, New Mexico
Section 33, T17S, R27E, Eddy County, New Mexico

Dear Interest Owner or Purchaser:

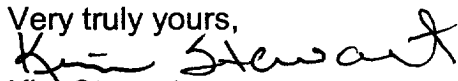
Nearburg Producing Company hereby notifies you that it is seeking approval to first meter and then commingle and off lease measure gas production from wells listed on Attachment I. The common sales meter is located in Section 28, T17S, R27E, Eddy County, New Mexico. See Attachment II showing each well 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 February 19, 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.

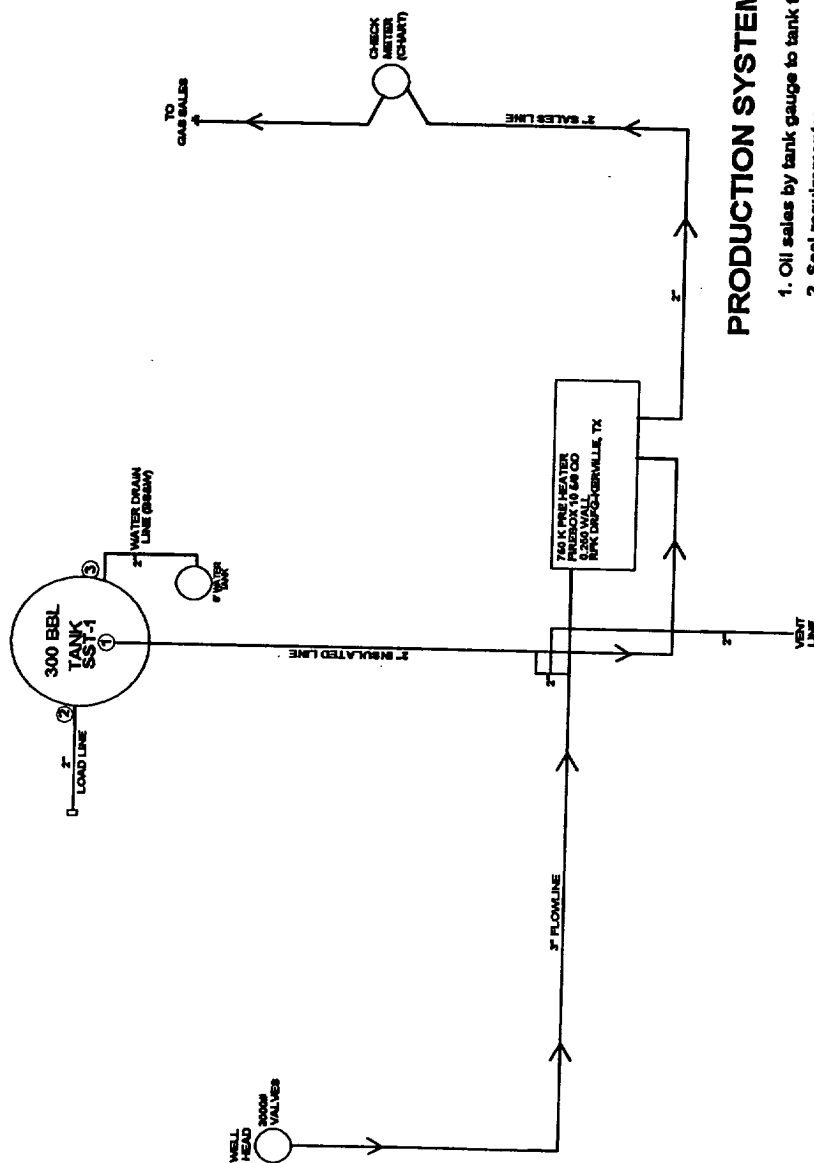
ATTACHMENT-IV (CON'T)

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

El Paso Gas Corporation
Western Pipeline
2 North Nevada
Colorado Springs, CO 80903



PRODUCTION SYSTEM - OPEN

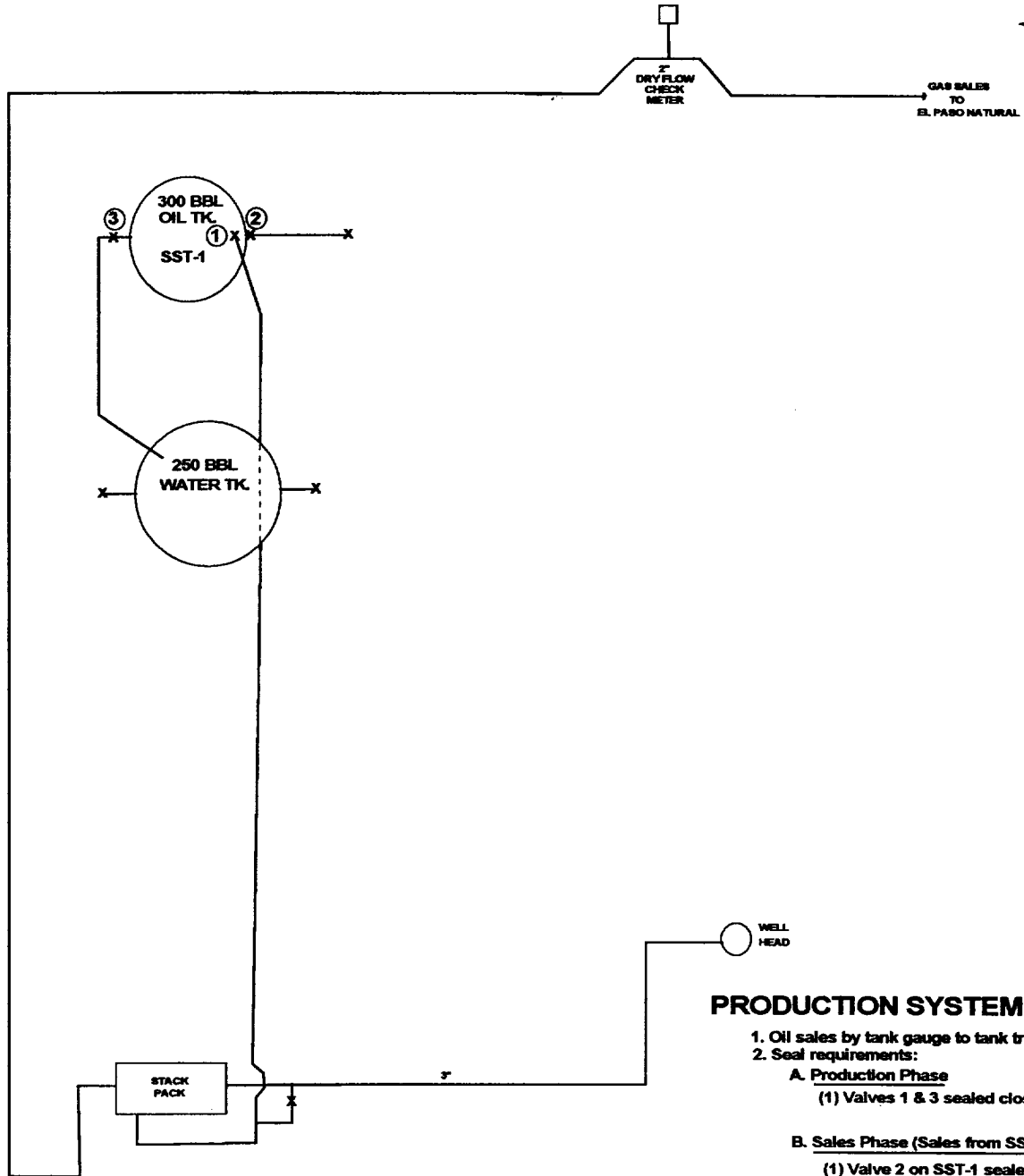
1. Oil sales by tank gauge to tank truck
2. Seal requirements:
 - A. Production Phase
 - (1) Valves 2 & 3 on SST-1 sealed closed
 - B. Sales Phase (Sales from SST-1)
 - (1) Valves 1 & 3 on SST-1 sealed closed

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
Exxon 33 Federal Com. #1
Unit E, 1860 FNL, 990 FWL
Section 33-T17S, R27E
Eddy County, New Mexico
API #30-016-29021
LC. #026874-F



PRODUCTION SYSTEM - OPEN

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2. Seal requirements:

A. Production Phase

- (1) Valves 1 & 3 sealed closed

B. Sales Phase (Sales from SST-1)

- (1) Valve 2 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
Trigg "29" Federal Com. #1
1400' FSL 750' FEL
Unit I, Sec. 29 T17S, R27E
Eddy County, New Mexico LC. #064050
API #30-015-28711