

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

November 9, 1998

FEDERAL EXPRESS

Mr. Tim Gum, Supervisor
Oil Conservation Division
811 S. First Street
Artesia, New Mexico 88210

Re: **Revised Application**
Eagle Creek "11" Well No. 1
Administrative Application of
Nearburg Producing Company
for a Directional Wellbore
E/2 Section 11, T17S, R25E
Eddy County, New Mexico



Dear Mr. Gum:

On November 2, 1998, and on behalf of Nearburg Producing Company, I submitted to you the original of this application for approval to drill this well directionally.

At the Examiner's hearing held on November 5, 1998 in Case 12073, Nearburg submitted a directional drilling plan (Exhibit 10) copy enclosed, which is different from that included in the November 2, 1998 letter to you. In addition, we have corrected errors in the description of the locations. The differences do not change any of the items for which we have requested approval in our original application.

Please call me if you have any questions.

Very truly yours,

W. Thomas Kellahin

cc: Mr. David R. Catanach (OCD-Santa Fe)
cfx: Nearburg Producing Company
Attn: Bob Shelton

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

**APPLICATION OF NEARBURG PRODUCING COMPANY
FOR A DIRECTIONAL WELLBORE
EDDY COUNTY, NEW MEXICO**

REVISED ADMINISTRATIVE APPLICATION

Comes now Nearburg Producing Company ("Nearburg"), by and through its attorneys, Kellahin & Kellahin, and in accordance with Division Rule 111 applies to the District Supervisor-Artesia of the New Mexico Oil Conservation Division for approval for a Directional Wellbore for its Eagle Creek "11" Well No. 1 and in support states:

(1) Nearburg is the proposed operator for the E/2 of Section 11, T17S, R25E, NMPM, Eddy County, New Mexico.

(2) Nearburg has conducted a geologic investigation and has concluded that the optimum location for a well in the E/2 of said Section 11 would be at a location 1980 feet from the East line and 660 feet from the South line of said Section 11. However, that location is closer to the Artesia airport runway than permitted by the City of Artesia. Accordingly, Nearburg proposes to locate the well at a surface location 2110 feet from the East line and 1070 feet from the north line of Section 14 and to drill this wellbore directionally to a subsurface location approximately 1980 feet from the East line and 660 feet from the south line of Section 11.

(3) Therefore, Nearburg proposes to drill its Eagle Creek "11" Well No. 1 from an unorthodox surface location 2100 feet from the East line and 1070 feet from the North line of Section 14, T17S, R25E, and to drill directionally to an unorthodox subsurface location within a Producing Area and Producing Interval at the top of the Morrow formation not closer than 660 feet from the south, east and west boundaries of a spacing unit consisting of the E/2 of said Section 11 for any gas production below the top of the Wolfcamp formation and to dedicate the SE/4 of said Section to any gas production above the top of the Wolfcamp formation.

(4) Nearburg proposes the following:

- (a) **Project Area:**
320-acre gas dedication
(E/2 Section 11)
- (b) **Producing Area & Producing Interval:**
being within an area at the top of the Morrow formation within a standard 320-acre spacing unit but not closer than 660 feet to the south, east and west side boundaries of the spacing unit

(5) The following exhibits are attached:

Exhibit 1: Area Locator Plat indicating spacing unit, surface and subsurface well location, offset owners


Exhibit 2: C-102 and APD

Exhibit 3:
Scientific Drilling International's vertical oriented plan view and horizontal plan view and 2 pages of numerical tabulation of program.

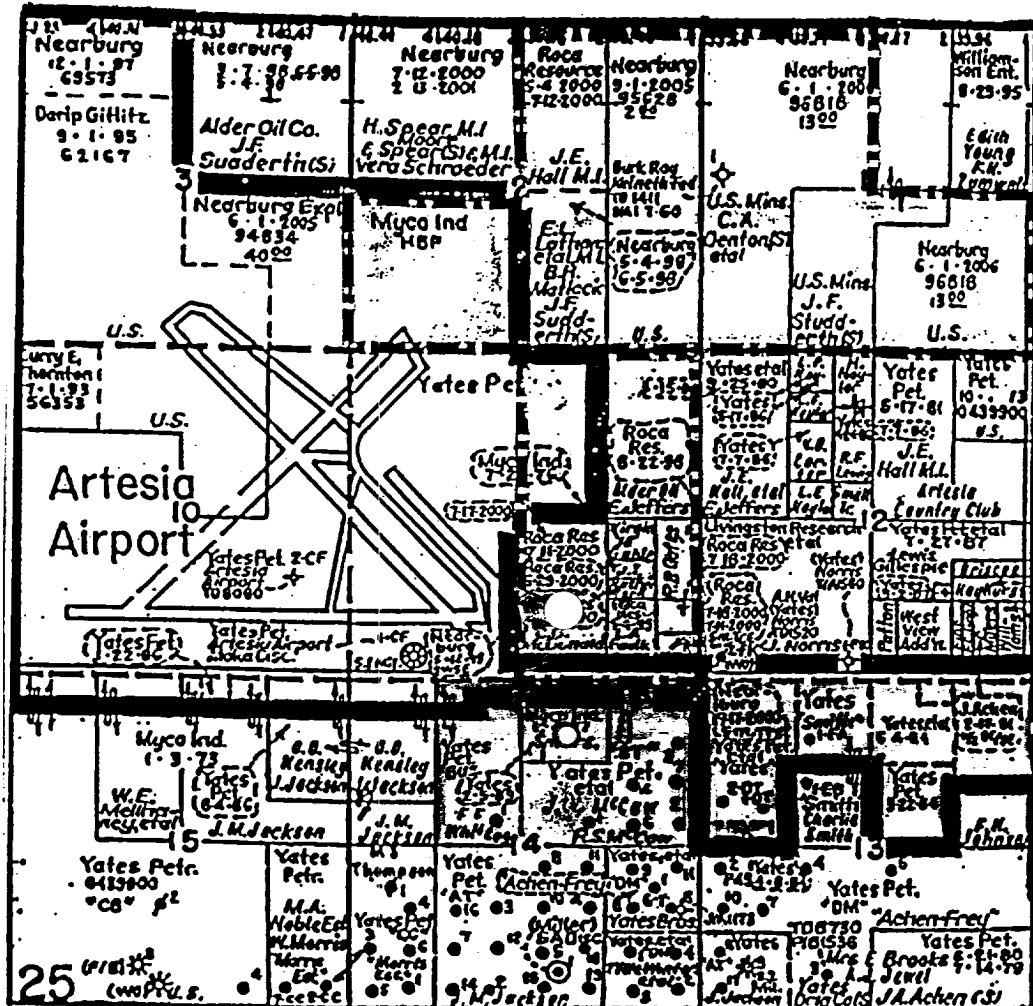
WHEREFORE, Applicant requests that this application be approved.

Respectfully submitted,

KELLAHIN & KELLAHIN

By: 
W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Eagle Creek "11" No.1
 Bottom Hole Location
 660'FSL, 1980' FEL
 Section 11, T-17-S, R-25-E
 Surface Location
 1070' FNL, 2111' FWL
 Section 14, T-17-S, R-25-E
 Eddy County, New Mexico



PRORATION UNIT

AFFECTED TRACTS

BOTTOM HOLE LOCATION

○ SURFACE LOCATION

District I
PO Box 1950, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Nearburg Producing Company 3300 N A St., Bldg 2, Suite 120 Midland, TX 79705		² OGRID Number 015742
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name Eagle Creek 11	⁶ Well No. 1

⁷Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
C	14	17S	25E		1070	North	2110	West	Eddy

⁸Proposed 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
O	11	17S	25E		660	South	1980	East	Eddy

⁹ Proposed Pool 1 Eagle Creek, Morrow	¹⁰ Proposed Pool 2
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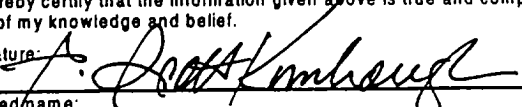
¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3498
¹⁶ Multiple No	¹⁷ Proposed Depth 8100	¹⁸ Formation Morrow	¹⁹ Contractor Peterson	²⁰ Spud Date 11-15-98

²¹Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	300'	500 sxs	Circ to surface
12-1/4"	8-5/8"	24#	1,200'	775 sxs	Circ to surface
7-7/8"	5-1/2"	17# & 20#	8,100'	2000 sxs	Circ to surface

²²Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to drill from 1,070' FNL & 2,100' FWL, Section 14-T17S-R25E to 660' FWL & 1,980' FEL, Section 11-T17S-R25E, Eddy County, New Mexico to sufficient depth to evaluate the Morrow formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature:  Printed name: E. Scott Kimbrough Title: Manager of Drilling and Production Date: 10-27-98		OIL CONSERVATION DIVISION Approved By: Title: Approval Date: Expiration Date: Conditions of Approval: Attached: <input type="checkbox"/>	
Phone: 915/686-8235			

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Box 77, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Eagle Creek, Morrow
Property Code	Property Name	Well Number
	EAGLE CREEK 11	1
OGRID No.	Operator Name	Elevation
015742	NEARBURG PRODUCING COMPANY	3498

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	14	17 S	25 E		1070	NORTH	2110	WEST	EDDY

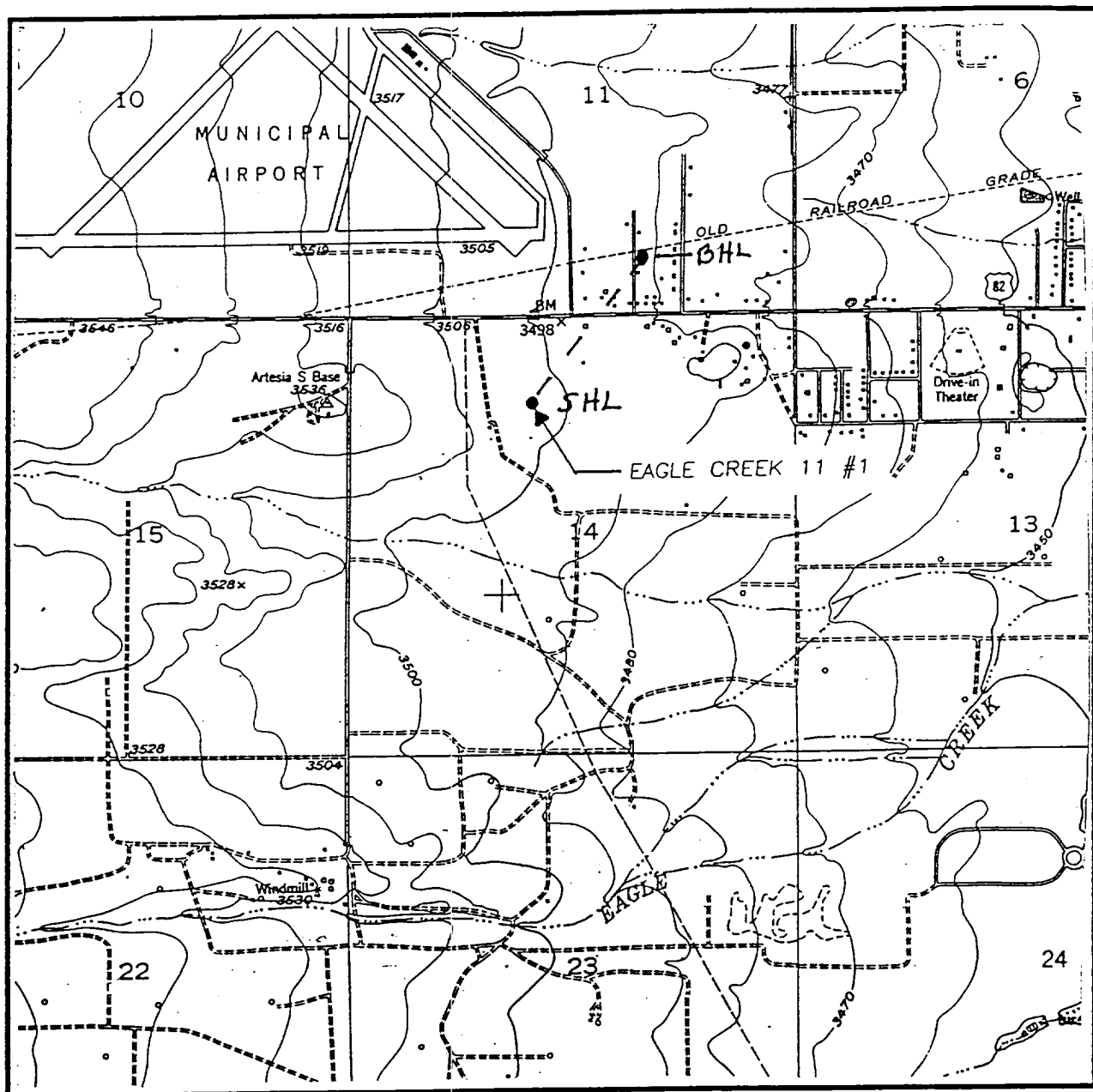
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	11	17 S	25 E		660	SOUTH	1980	EAST	EDDY
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
320	J								

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>OPERATOR CERTIFICATION</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>E. Scott Kimbrough</i> Signature</p> <p>E. Scott Kimbrough Printed Name</p> <p>Mgr Drilling & Production Title</p> <p>10/27/98 Date</p>	
<p>SURVEYOR CERTIFICATION</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>SEPTEMBER 17, 1998</p> <p>Date Surveyed DMCC</p> <p>Signature <i>R. S. Edson</i> Professional Surveyor</p> <p>NEW MEXICO 3239 98-11-128 9-23-98</p> <p>Associate No. RONALD S. EDSON 3239 GARY EDSON 12641 DONALD McDONALD 12185</p>					

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ARTESIA - 10'

SEC. 14 TWP. 17-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1070' FNL & 2110' FWL

ELEVATION 3498

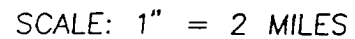
OPERATOR EAGLE CREEK 11

LEASE NEARBURG PRODUCING COMPANY

U.S.G.S. TOPOGRAPHIC MAP

ARTESIA, N.M.

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117



LEASE NEARBURG PRODUCING COMPANY

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117**

SCIENTIFIC DRILLING INTERNATIONAL

MIDLAND, TEXAS

NEARBURG PRODUCING COMPANY

Well Name : EAGLE CREEK '11' #1
Field : EAGLE CREEK FIELD, EDDY COUNTY, NM
Site : SEC 14, T-17-S, R-25-E
SHL : 1070' FNL & 2110' FWL
Plan BHL : SEC 11, 660' FSL & 1980 FEL
Date Surveyed : 29 OCTOBER 1998
Job No. : WELL PLAN

This survey is correct to the best of my knowledge
and is supported by actual field data.

..... COMPANY REPRESENTATIVE

Directional Well Plan

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12073 Exhibit No. **10**
Submitted By:
Nearburg Exploration Co.
Hearing Date: November 5, 1998

SC NOTIFIC DRILLING INTERNATIONAL

Customer : NEARBURG PRODUCING COMPANY
 Well Name : EAGLE CREEK '11' #1
 Field : EAGLE CREEK FIELD, EDDY COUNTY, NM
 Site : SEC 14, T-17-S, R-25-E
 HL : 1070' FNL & 2110' FWL
 Plan BHL : SEC 11, 660' FSL & 1980 FEL

Page 1 of 2
 Date 29 OCTOBER 1998
 Filename : EAGLE#1

o Interpolation

Height Of WELLSITE Datum Above Field Datum 0.00 ft

MD ft	INC deg	DIR deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	D'LEG °/100
3800.0	0.00	N34.52°E	3800.00	0.00	0.00	0.00	0.0
3900.0	0.00	N34.52°E	3900.00	0.00	0.00	0.00	0.0
4000.0	0.00	N34.52°E	4000.00	0.00	0.00	0.00	0.0
4100.0	0.00	N34.52°E	4100.00	0.00	0.00	0.00	0.0
4200.0	2.50	N34.52°E	4199.97	1.80	1.24	2.18	2.5
4300.0	5.00	N34.52°E	4299.75	7.19	4.94	8.72	2.5
4400.0	7.50	N34.52°E	4399.14	16.15	11.11	19.61	2.5
4500.0	10.00	N34.52°E	4497.97	28.69	19.73	34.82	2.5
4600.0	12.50	N34.52°E	4596.04	44.76	30.79	54.33	2.5
4700.0	15.00	N34.52°E	4693.17	64.34	44.26	78.09	2.5
4800.0	17.50	N34.52°E	4789.17	87.39	60.11	106.07	2.5
4900.0	20.00	N34.52°E	4883.85	113.88	78.33	138.21	2.5
5000.0	22.50	N34.52°E	4977.05	143.73	98.87	174.46	2.5
5100.0	25.00	N34.52°E	5068.57	176.91	121.69	214.73	2.5
5200.0	27.50	N34.52°E	5158.25	213.35	146.76	258.95	2.5
5300.0	30.00	N34.52°E	5245.92	252.98	174.01	307.05	2.5
5400.0	32.50	N34.52°E	5331.40	295.72	203.41	358.92	2.5
5487.3	34.68	N34.52°E	5404.14	335.52	230.79	407.23	2.5
5500.0	34.68	N34.52°E	5414.56	341.46	234.88	414.44	0.0
5600.0	34.68	N34.52°E	5496.79	388.35	267.13	471.35	0.0
5700.0	34.68	N34.52°E	5579.02	435.23	299.38	528.25	0.0
5800.0	34.68	N34.52°E	5661.25	482.11	331.63	585.16	0.0
5900.0	34.68	N34.52°E	5743.48	528.99	363.87	642.06	0.0
6000.0	34.68	N34.52°E	5825.72	575.88	396.12	698.96	0.0
6100.0	34.68	N34.52°E	5907.95	622.76	428.37	755.87	0.0
6200.0	34.68	N34.52°E	5990.18	669.64	460.62	812.77	0.0
6300.0	34.68	N34.52°E	6072.41	716.53	492.87	869.67	0.0
6400.0	34.68	N34.52°E	6154.64	763.41	525.12	926.58	0.0
6500.0	34.68	N34.52°E	6236.87	810.29	557.37	983.48	0.0
6600.0	34.68	N34.52°E	6319.10	857.18	589.62	1040.39	0.0
6700.0	34.68	N34.52°E	6401.33	904.06	621.87	1097.29	0.0
6800.0	34.68	N34.52°E	6483.57	950.94	654.12	1154.19	0.0
6900.0	34.68	N34.52°E	6565.80	997.83	686.37	1211.10	0.0
7000.0	34.68	N34.52°E	6648.03	1044.71	718.62	1268.00	0.0
7100.0	34.68	N34.52°E	6730.26	1091.59	750.86	1324.90	0.0

SONTIFIC DRILLING INTERNATIONAL

Customer : NEARBURG PRODUCING COMPANY
 Well Name : EAGLE CREEK '11' #1
 Field : EAGLE CREEK FIELD, EDDY COUNTY, NM
 Site : SEC 14, T-17-S, R-25-E
 BHL : 1070' FNL & 2110' FWL
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Page 2 of 2
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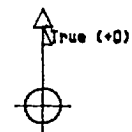
No Interpolation
 Height Of WELLSITE Datum Above Field Datum 0.00 ft

MD ft	INC deg	DIR deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	D'LEG °/100
7200.0	34.68	N34.52°E	6812.49	1138.48	783.11	1381.81	0.0
7300.0	34.68	N34.52°E	6894.72	1185.36	815.36	1438.71	0.0
7400.0	34.68	N34.52°E	6976.95	1232.24	847.61	1495.62	0.0
7500.0	34.68	N34.52°E	7059.18	1279.13	879.86	1552.52	0.0
7600.0	34.68	N34.52°E	7141.41	1326.01	912.11	1609.42	0.0
7700.0	34.68	N34.52°E	7223.65	1372.89	944.36	1666.33	0.0
7800.0	34.68	N34.52°E	7305.88	1419.77	976.61	1723.23	0.0
7900.0	34.68	N34.52°E	7388.11	1466.66	1008.86	1780.13	0.0
8000.0	34.68	N34.52°E	7470.34	1513.54	1041.11	1837.04	0.0
8100.0	34.68	N34.52°E	7552.57	1560.42	1073.36	1893.94	0.0
8200.0	34.68	N34.52°E	7634.80	1607.31	1105.60	1950.85	0.0
8300.0	34.68	N34.52°E	7717.03	1654.19	1137.85	2007.75	0.0
8400.0	34.68	N34.52°E	7799.26	1701.07	1170.10	2064.65	0.0
8461.7	34.68	N34.52°E	7850.00	1730.00	1190.00	2099.76	0.0
8500.0	34.68	N34.52°E	7881.50	1747.96	1202.35	2121.56	0.0
8600.0	34.68	N34.52°E	7963.73	1794.84	1234.60	2178.46	0.0
8644.1	34.68	N34.52°E	8000.00	1815.52	1248.83	2203.56	0.0

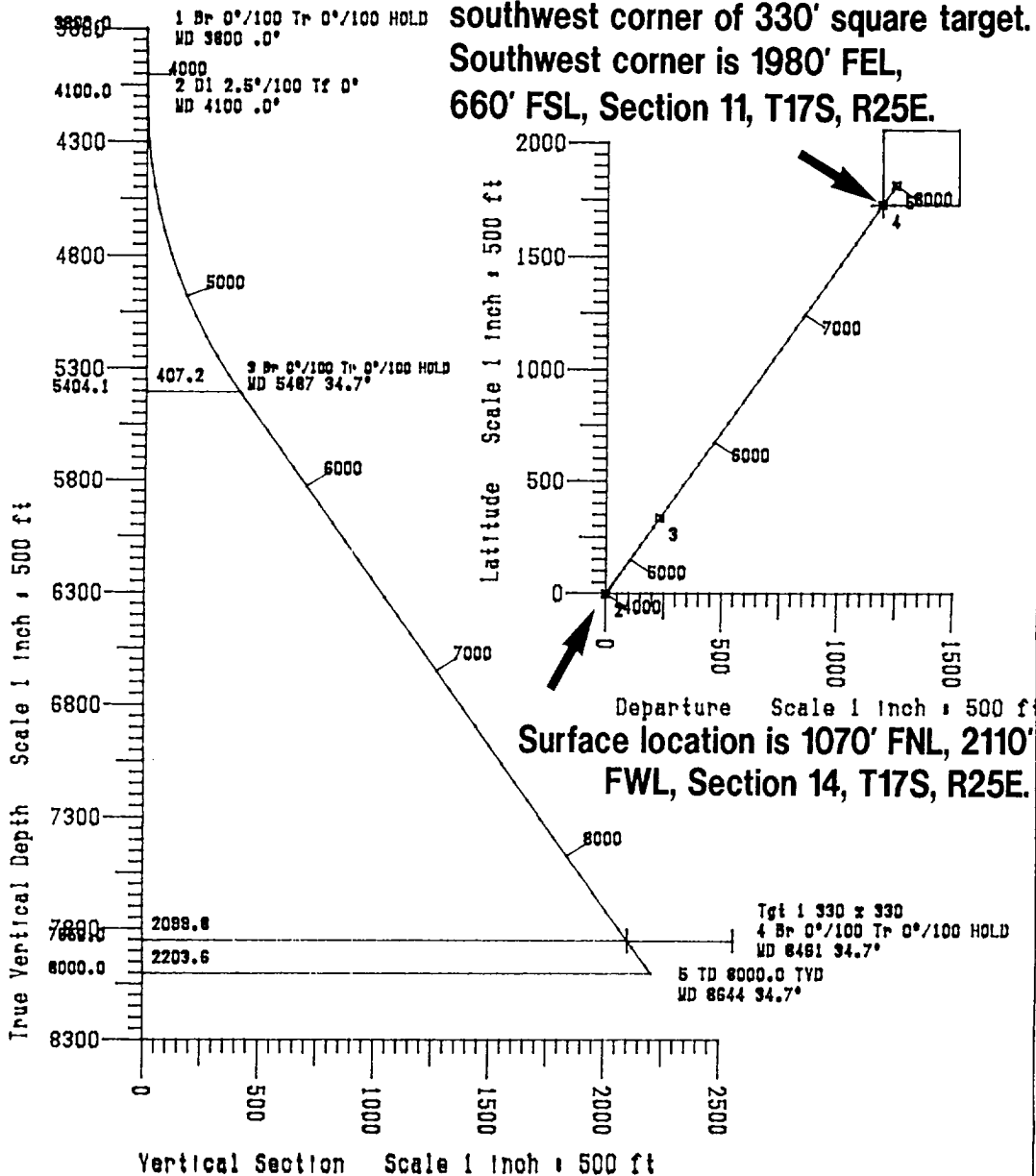
Origin of Bottom Hole Closure WELLSITE CENTRE
 Bottom Hole Closure 2204 ft N34.52°E



SCIENTIFIC DRILLING
FOR
NEARSBURG PRODUCING COMPANY
EAGLE CREEK
11° 31'
SEC 14, T-17-S, R-25-E
IN
EDDY COUNTY, NEW MEXICO



Wellbore will penetrate Morrow at
southwest corner of 330' square target.
Southwest corner is 1980' FEL,
660' FSL, Section 11, T17S, R25E.



PLANE OF VERT SECTn 34.52°
PLOT DATE 10-30-1988

TARGET DETAILS

No	TYD	Lat	Dep
1	7850.0	1730.0	1190.0

WELL PROPOSAL

Seg	WD	TYD	VS	INC	DIR	LAT	DEP	TGT
1	3800.0	3800.0	0.0	0.0	34.52	0.0	0.0	
2	4100.0	4100.0	0.0	0.0	34.52	0.0	0.0	
3	5487.3	5404.1	407.2	34.7	34.52	335.5	230.8	
4	8461.7	7850.0	2088.8	34.7	34.52	1730.0	1190.0	1
5	8644.1	8000.0	2203.6	34.7	34.52	1815.5	1248.8	