

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Div-Dist. 2  
1301 W. Grand Avenue  
Alamogordo, NM 88210

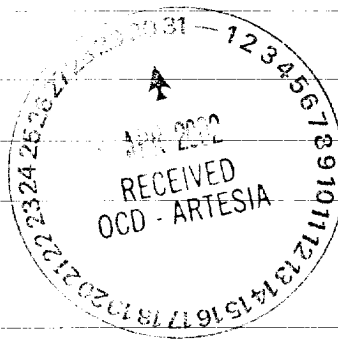
FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**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 L, 1980' FSL & 660' FWL, Sec 11-16S-28E



5. Lease Designation and Serial No.  
NMNM 95630  
6. If Indian, Allottee or Tribe Name  
7. If Unit or CA, Agreement Designation  
8. Well Name and No.  
Crow Flats 11 Federal Com #1  
9. API Well No.  
30 015 30592  
10. Field and Pool, or Exploratory Area  
Diamond Mound, 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

- ☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other Off Lease Gas Measurement & Ls Commngl

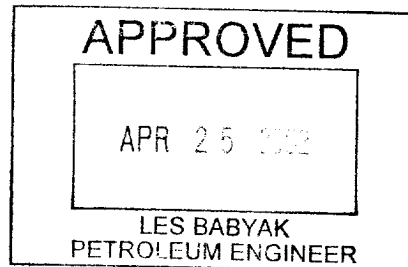
- ☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

(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) Crow Flats 10 Federal Com #1  
Unit H, 2310' FNL and 1310' FEL  
Section 10-16S-28E  
Eddy County, New Mexico
- 2) Crows Flats 3 Federal #1  
Unit M, 960' FSL and 760' FWL  
Section 3-16S-28E  
Eddy County, New Mexico



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

Signed Kim Stewart  
(This space for Federal or State office use)

Title Regulatory Analyst

Date 04/24/2002

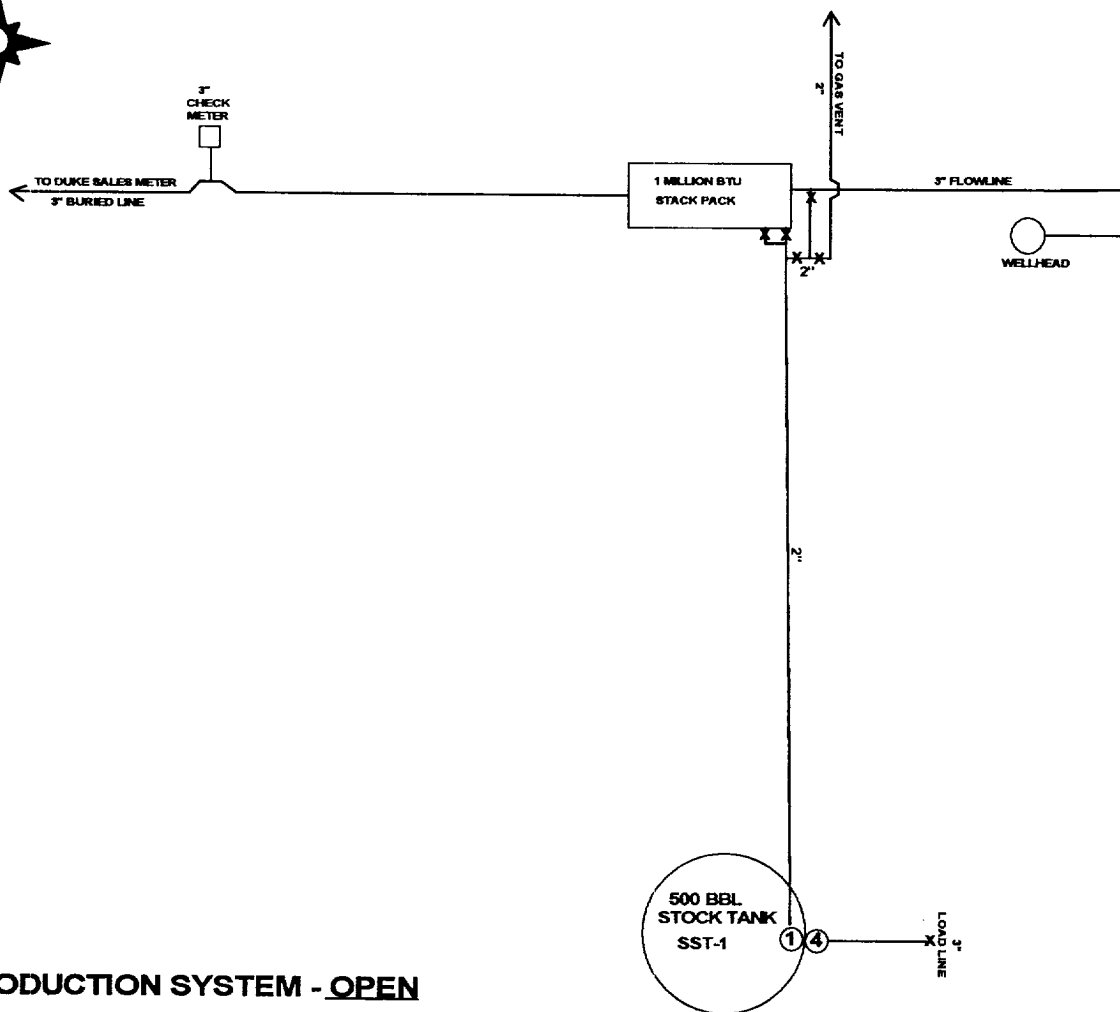
Approved by \_\_\_\_\_  
Conditions of approval, if any:

Title \_\_\_\_\_

Date \_\_\_\_\_

Title 18 U.S.C. Section 1001, makes 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.

\*See Instruction on Reverse Side



## PRODUCTION SYSTEM - OPEN

1. Oil sales by tank gauge to tank truck
2. Seal requirements:

### A. Production Phase

- (1) All valves 4 sealed closed

### B. Sales Phase (Sales from SST-1)

- (1) Valve 1 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  
CROW FLATS "11" FEDERAL #1  
NM 95630, API 30-015-30592  
1980' FSL & 660' FWL Section 11, T16S, R28E  
Eddy County, New Mexico

**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

2002/04/25 AM 8:59

PLANNING & DEVELOPMENT  
ROSWELL OFFICE

April 24, 2002

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

RE: Lease Commingling for Off Lease Gas Measurement and Sales Meter Allocation  
Purposes  
Section 3-16S-28E, Section 10-16S-28E and Section 11-16S-28E  
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 4, T16S, R28E, 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 Diamond Mound; 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**

### **Crow Flats 3 Federal #1**

Unit M, 960' FSL and 760' FWL, Section 3-16S-28E  
Eddy County, New Mexico

### **Crow Flats 10 Federal Com #1**

Unit H, 2310' FNL and 1310' FEL, Section 10-16S-28E  
Eddy County, New Mexico

### **Crow Flats 11 Federal Com #1**

Unit L, 1980' FSL and 660' FWL, Section 11-16S-28E  
Eddy County, New Mexico

SALES METER

R-28-E

T-16-S

NPC  
CROW FLATS "3" FED. #1

NPC  
CROW FLATS "10" FED. #1

NPC  
CROW FLATS "11"  
FED. COM. #1

4

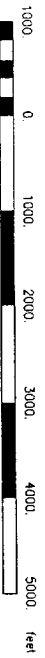
3

2

9

10

11



Scale 1:24000

## **Reference to question #8:**

### **Detailed Economic Justification:**

Nearburg wanted to negotiate a gas contract to keep all three wells economically viable. The three wells are all on Federal Leases. Since the majority of the gas is produced from one well, we needed to deliver the combined production of the three wells to the purchaser at a central point. This allowed us to negotiate a much better gas price for the lower producing wells. The two lower producing wells would have become uneconomic under a contract where the purchaser had to lay the pipe to the individual wells. Nearburg and the Working Interest Owners chose to lay pipe to the purchaser's central delivery point at no cost to the Royalty owner. (See Cost Below). This enabled us to receive a better gas contract and ultimately extended the economic life of the wells. Estimated cost paid by working Interest Owners:

Pipeline: Approx. 1-3/4 miles @ \$10/FT =	\$92,400
Meters: 3 allocation meters @ \$4,000 each =	\$12,000
<b>Total costs:</b>	<b><u>\$104,400</u></b>

# Gas Gathering System - Allocation for Duke Wells Under Various Contracts

One Property per Each Duke Meter

**FEBRUARY 2002**

Purchaser: Duke Energy Field Services

Property	Property No.	Meter No.	Duke Mtr. Mcf @ 15.025 sat	Duke Mtr. Mcf @ 14.65 sat	Btu Factor @ 14.65 sat	Gross Wellhead MMBtu
CROW FLATS 3 FED NO. 1	556146	708254SC	231	237	1.1688	277
CROW FLATS 10 FED NO. 1	556147	708252SC	9,624	9,870	1.1676	11,524
CROW FLATS 11 FED NO. 1	556148	708253SC	378	388	1.1675	453

**Nearburg Producing Company**

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

ATTACHMENT IV

April 24, 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 Lease Commingling for Off Lease Gas Measurement  
and Sales Meter Allocation Purposes  
Section 3, T16S, R28E, Eddy County, New Mexico  
Section 10, T16S, R28E, Eddy County, New Mexico  
Section 11, T16S, R28E, 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 4, T16S, R28E, 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 April 24, 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

Duke Energy Service  
Two Warren Place  
6120 S. Yale, Suite 1200  
Tulsa, OK 74136

Eland Energy, Inc.  
8150 North Central Expressway  
Suite 400  
Dallas, TX 75206

Tim R. MacDonald  
23 Graham Lane  
Lucas, TX 75002

Devon Energy Production Company, L. P.  
PO Box 108838  
Oklahoma City, OK 73101-8838

Maverick Oil & Gas Corp.  
201 West Wall, Suite 803  
Midland, TX 79701