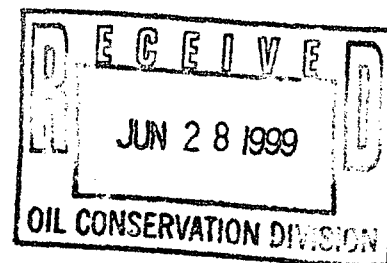


JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)



June 25, 1999

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Administrative application of Nearburg Exploration Company, L.L.C. ("Nearburg") for an unorthodox gas well location:

Vaquero "36" State Com. Well No. 1
990 feet FSL & 660 feet FWL
S½ §36, Township 18 South, Range 33 East, NMPM
Lea County, New Mexico

Dear Mr. Stogner:

The above application was filed on June 24, 1999. Enclosed are the following: (1) original, color copies of Exhibits A, B, and D attached to the application; (2) an APD (including a Form C-102), marked as Exhibit F; and (3) copies of the notice letters mailed to the working interest owners in offsetting E½ §2-19S-33E, marked as Exhibit G.

Also, in my description of the offset acreage on page 2 of the application, Altura and Conoco are the lessees of Section 35, not Section 1.

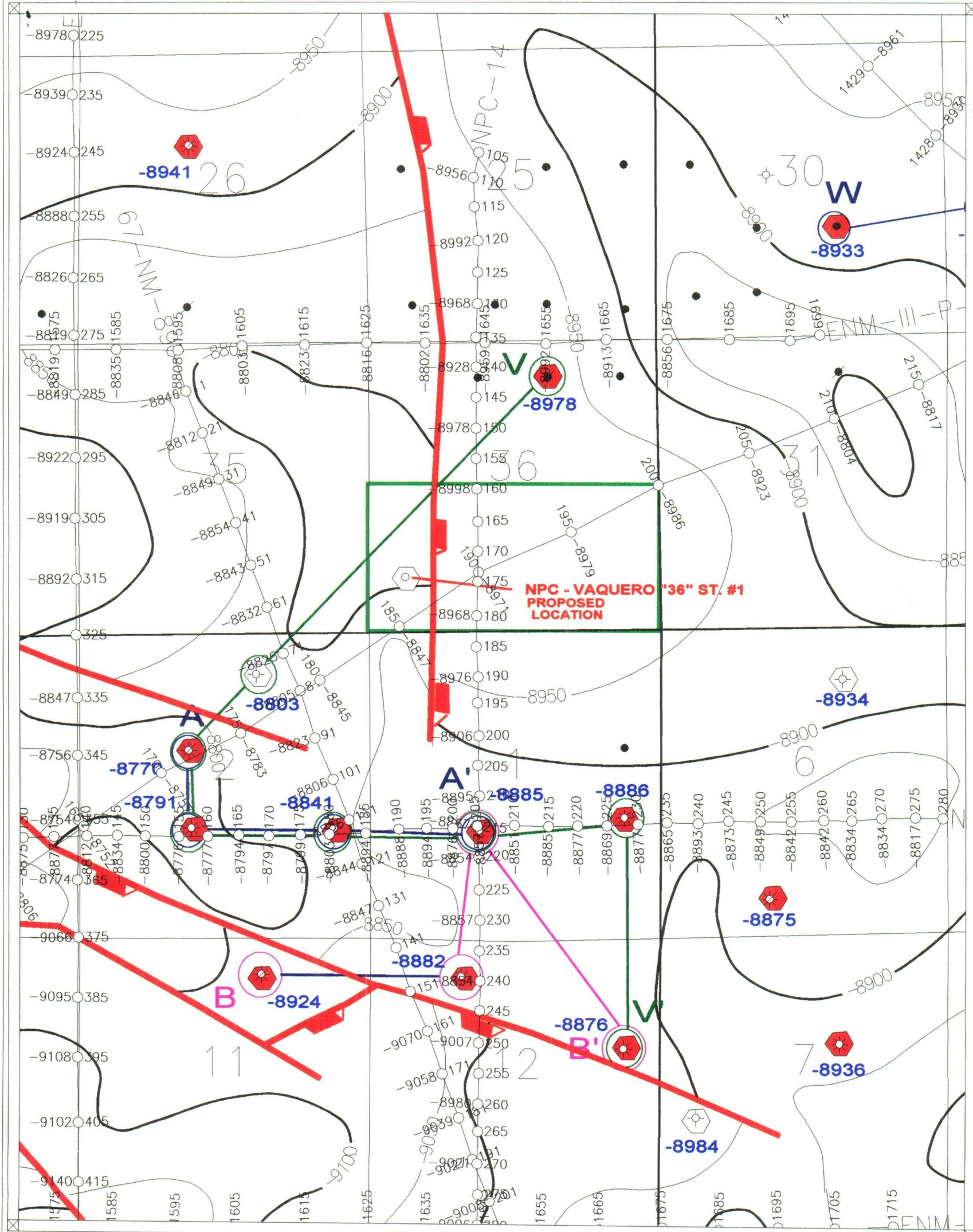
Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

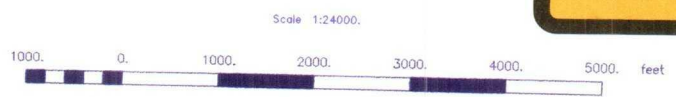
Attorney for Nearburg
Exploration Company, L.L.C.

N. Avail Ridge Morrow



LEGEND

-  **MORROW PRODUCER**
-  **PRORATION UNIT**



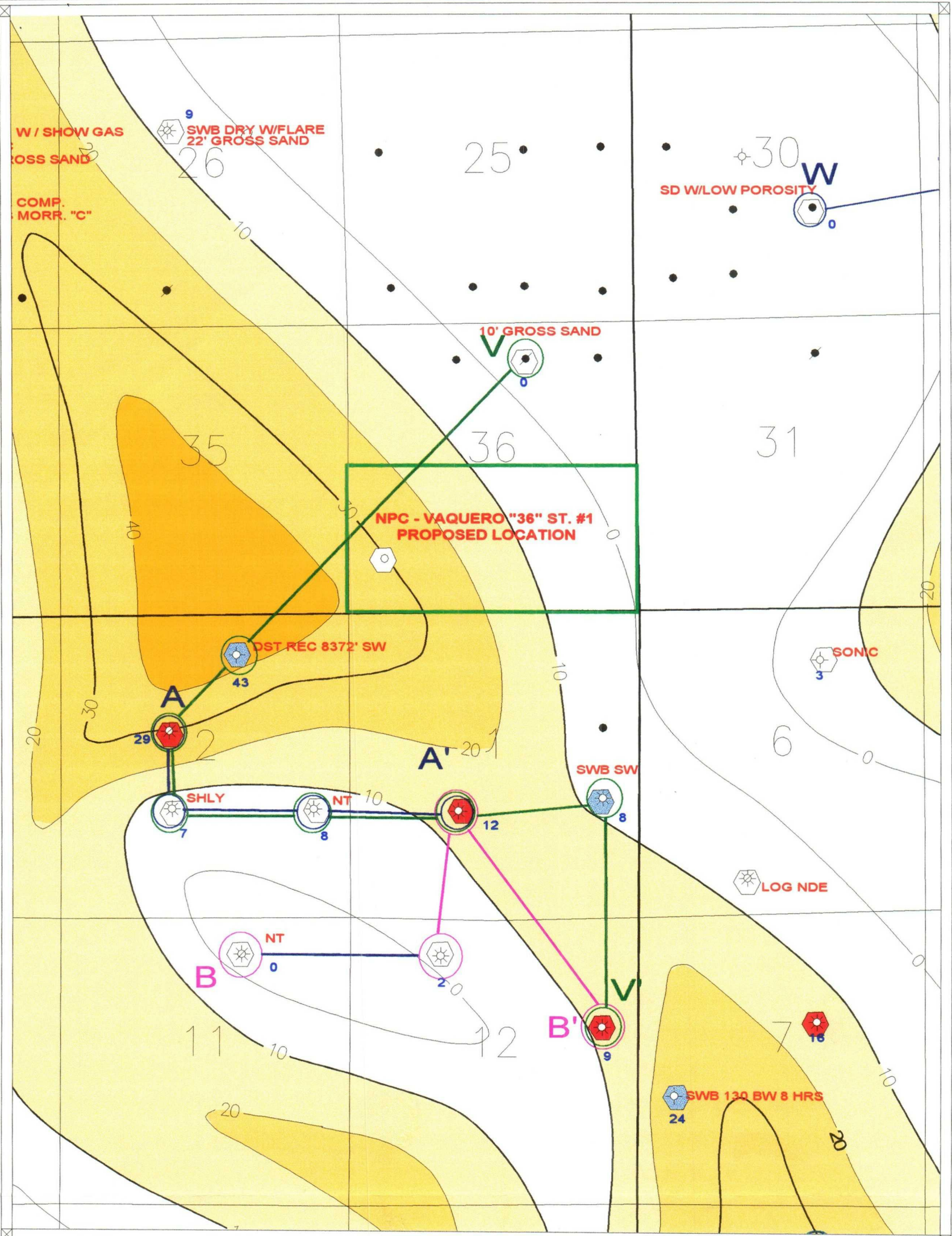
Nearburg Producing Company
Exploration and Production
Midland, Texas

VAQUERO PROSPECT
EDDY COUNTY, NEW MEXICO

STRUCTURE MAP
TOP MORROW

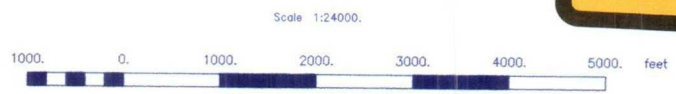
C.I. = 50'

GEOLOGIST	DATE	DRAWN BY	FILE NO.
T. F. GAWLOSKI	4/99	PLD	TMRW.GPF



LEGEND

- MORROW "C" PRODUCER
- MORROW "C" WET
- PRORATION UNIT



Nearburg Producing Company
Exploration and Production
Midland, Texas

VAQUERO PROSPECT
LEA COUNTY NEW MEXICO

ISOPACH MAP
MORROW "C"
POROSITY $\geq 8\%$

C.I. = 5'

GEOLOGIST	DATE	DRAWN BY	FILE NO.
T.F. Gawloski	1/99	PLD/LCG	isomrwc.gpf

NEARBURG EXPLORATION COMPANY, L.L.C

Ownership Plat

Vaquero "36" State Com No. 1

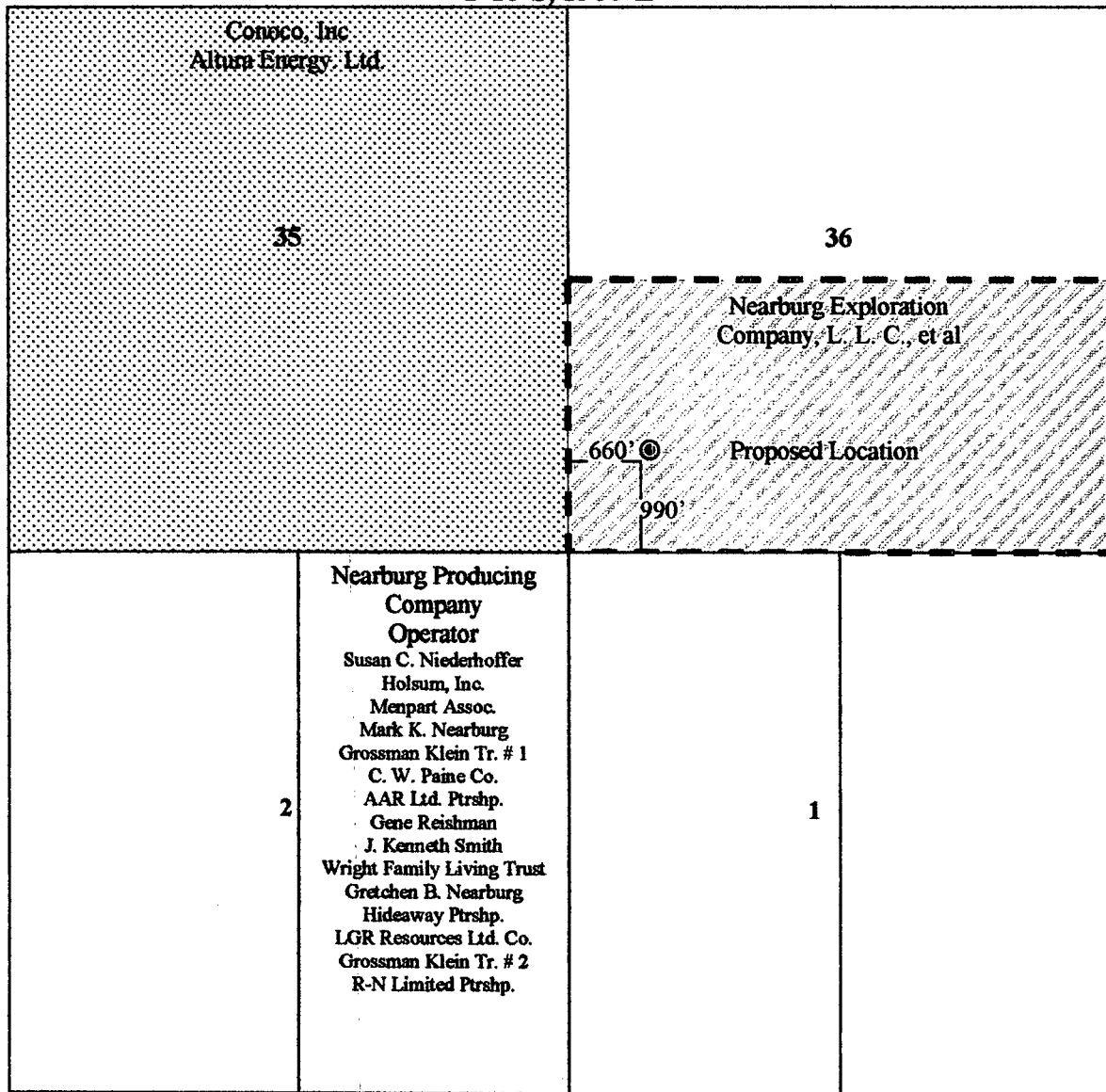
T-18-S, R-33-E

Section 36: S/2

990' FSL & 660' FWL

Lea County, New Mexico

T-18-S, R-33-E



T-19-S, R-33-E



District I
PO Box 1980, 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

Operator Name and Address Nearburg Producing Company 3300 N A St., Bldg 2, Suite 120 Midland, TX 79705		OGRID Number 015742
		API Number 30 - 0
Property Code	Property Name Vaquero 36 State Com	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
M	36	18S	33E		990	South	660	West	Lea

Proposed 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
Proposed Pool 1 Quail Ridge Morrow, North					Proposed Pool 2				

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3794
Multiple No	Proposed Depth 13600	Formation Morrow	Contractor Patterson	Spud Date 10-01-99

Proposed 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#	350'	375 sxs	Circ to surface
11"	8-5/8"	24# & 32#	5,200'	2,400 sxs	Circ to surface
7-7/8"	5-1/2"	17# & 20#	13,600'	2,200 sxs	

Describe 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 the well 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.

Acres dedication is 320 acres; S/2 of Section 36.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: H. R. Willis

Title: Drilling Superintendent

Date: 06-24-99

Phone: 915/686-8235

OIL CONSERVATION DIVISION

Approved By:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:
Attached: ☐

EXHIBIT

F

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

DISTRICT II
P.O. Drawer 8D, Artesia, NM 88211-0719

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

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

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

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 Quail Ridge Morrow; North
Property Code	Property Name VAQUERO "36" STATE COM.	Well Number 1
OGRID No. 015742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3794


Surface Location

UL or lot No. M	Section 36	Township 18 S	Range 33 E	Lot Idn	Feet from the 990	North/South line SOUTH	Feet from the 660	East/West line WEST	County LEA
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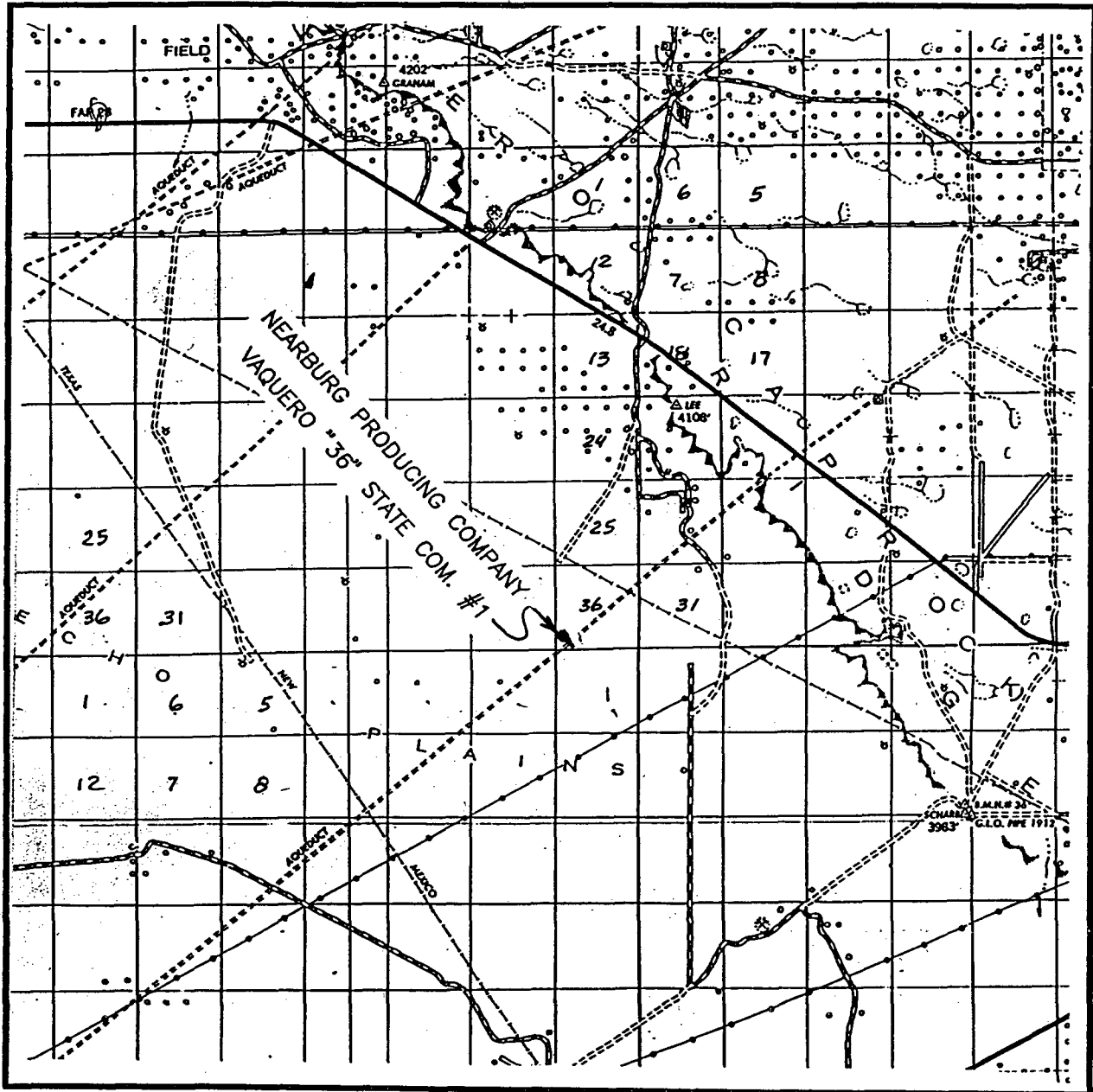
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill N	Consolidation Code	Order No.						

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> Signature H. R. Willis Printed Name Drig. Superintendent Title June 24, 1999 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>JUNE 6, 1999 Date Surveyed JLP Signature of Surveyor Professional Surveyor NEW MEXICO P.W.O. Num. 99-10-0495 Certificate No. RONALD EIDSON, 3239 GARY EIDSON, 12841 MCDONALD, 12185</p>
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VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 18-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FSL & 660' FWL

ELEVATION 3794

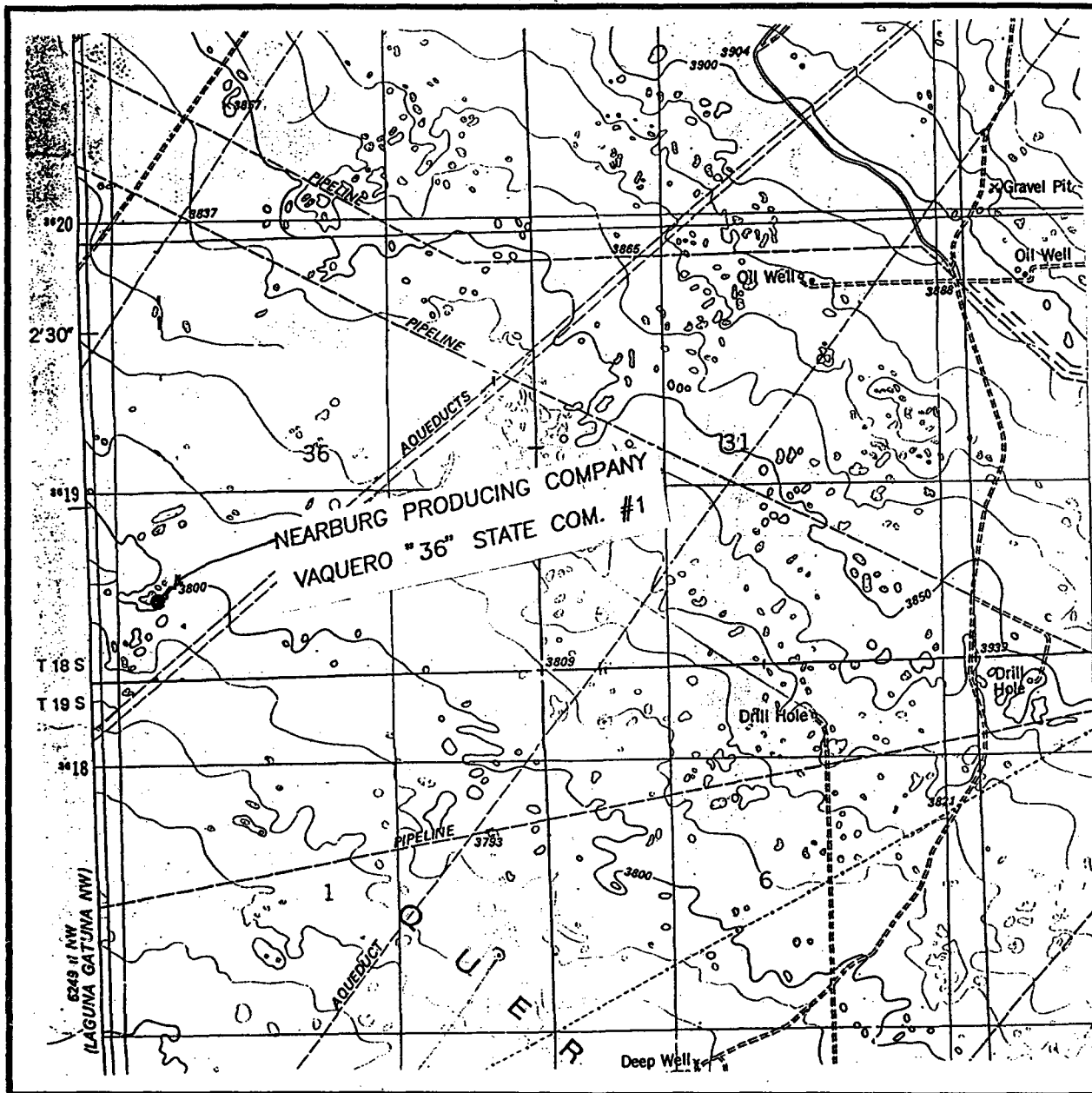
OPERATOR NEARBURG PRODUCING COMPANY

LEASE VAQUERO "24" STATE COM.

**JOHN WEST SURVEYING
HOBBS, NEW MEXICO**

(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 36 TWP. 18-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FSL & 660' FWL

ELEVATION 3794

OPERATOR NEARBURG PRODUCING COMPANY

LEASE VAQUERO "24" STATE COM.

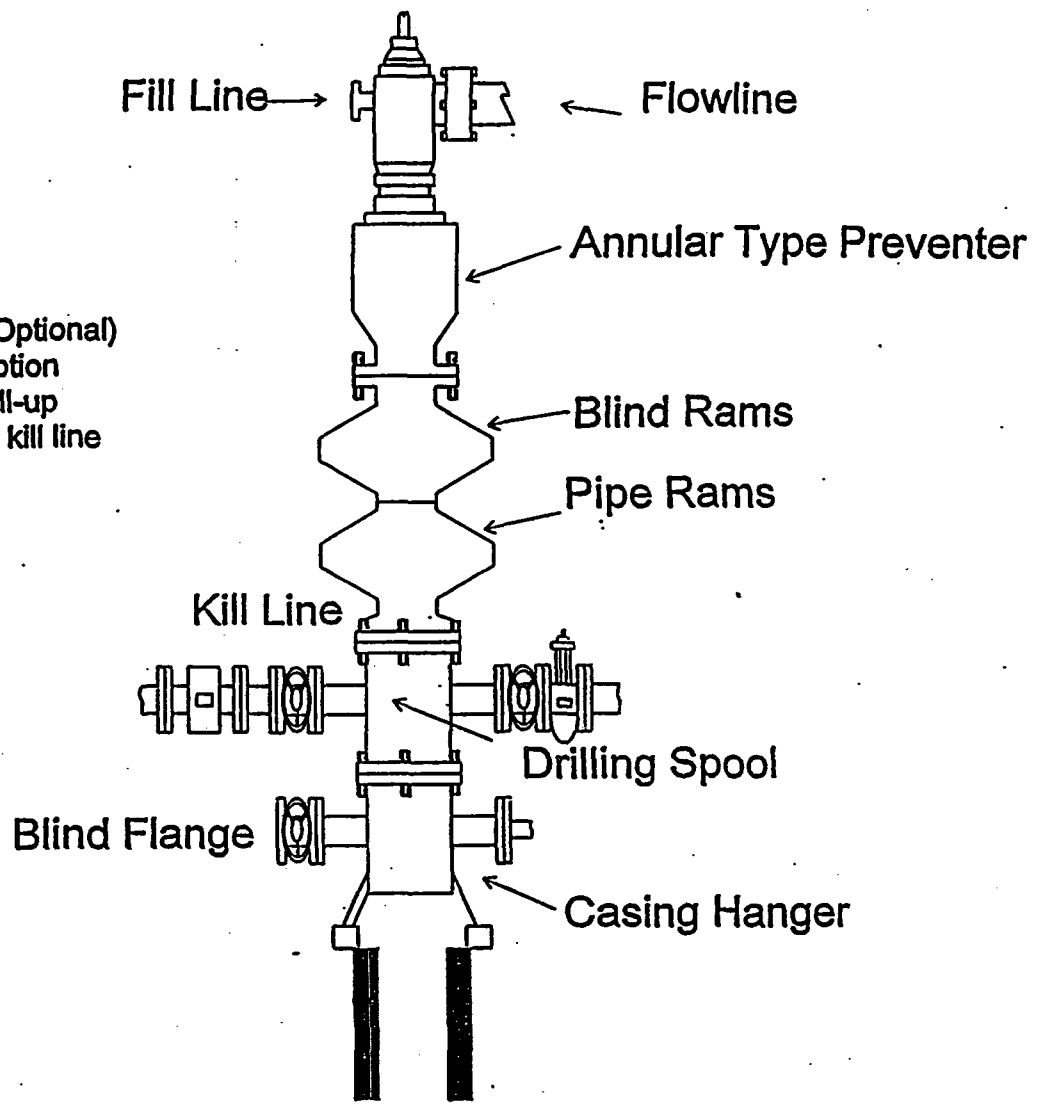
U.S.G.S. TOPOGRAPHIC MAP

IRONHOUSE WELLS, N.M.

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

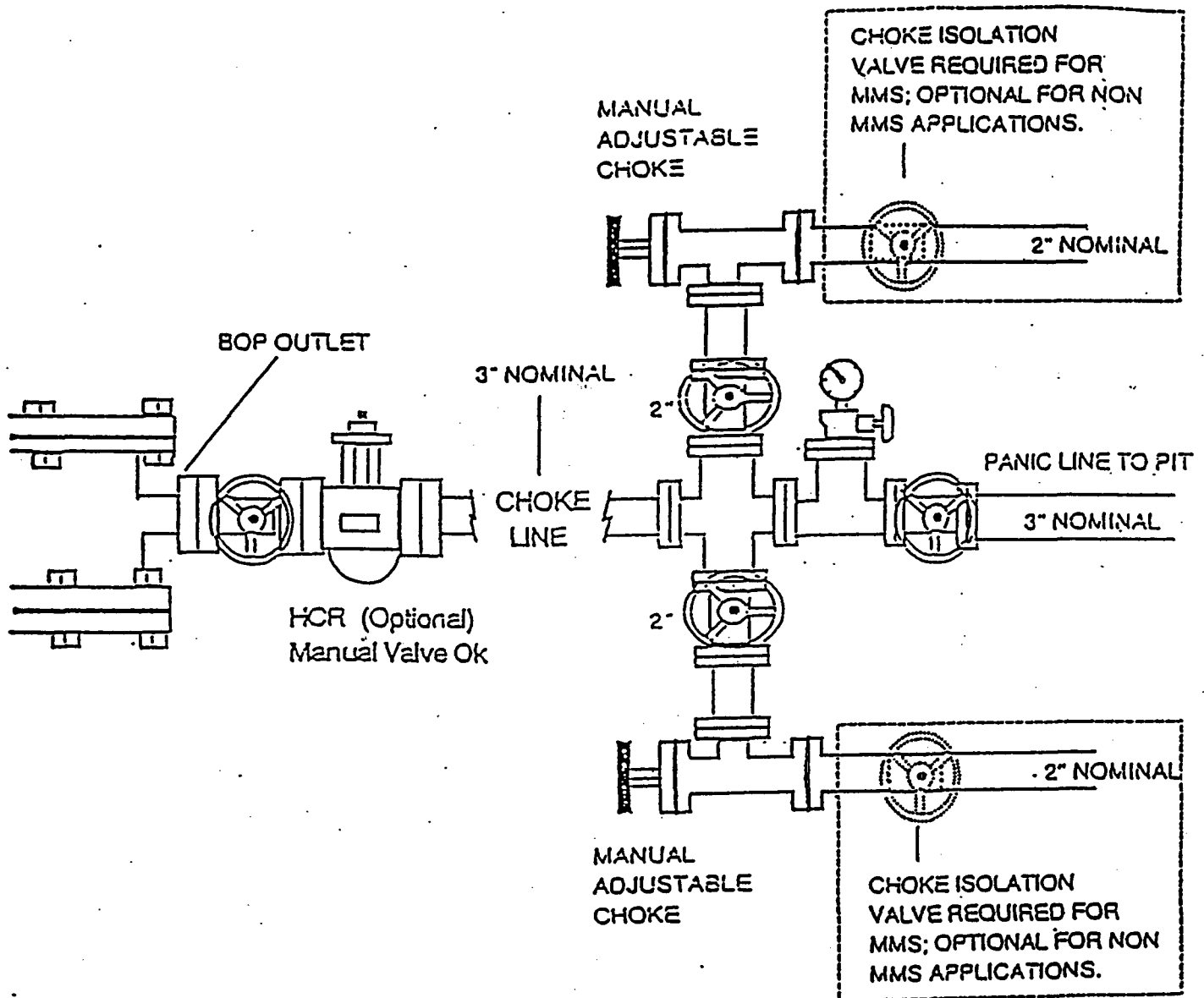
NEARBURG PRODUCING COMPANY
BOPE SCHEMATIC

Rotating Head (Optional)
Drilling Nipple option
must include a fill-up
line. Do not use kill line
for fill up.



1500 Series

NEARBURG PRODUCING COMPANY
CHOKE MANIFOLD
5M SERVICE



Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

AAR Limited Partnership
Anna A. Reischman, General Partner
1320 West Fourth Street
Roswell, New Mexico 88201

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,

Enclosed is a copy of Nearburg Producing Company's (Nearburg) application for a Non Standard Location (NSL) for the captioned well. Current Oil Conservation Division (OCD) rules require a Morrow well location to be no closer to the short end of the spacing unit boundary line than 1,650', unless notice is given and the OCD approves the location. This approval can be granted to the operator either administratively or at a hearing. Nearburg's application has been filed administratively and unless offsetting working interest owners object, the administrative approval could be granted by the OCD on or before July, 15, 1999. If objections are received, the application will be set on a hearing docket, anticipated to be held August 5, 1999.

The Vaquero 36 State Com #1 well location is a diagonal northeast offset to the Nearburg Producing Company operated Buffalo 2I State Com #1 well located in the E/2 of Section 2, T-19-S, R-33-E, Lea County, New Mexico. The Buffalo 2I State Com #1 well was drilled to the Morrow formation and is still producing in same. You are being given notice of the proposed well because an operator moving in the direction of a well operated by itself must give notice to the working interest owners in the offsetting tract.

For those parties continuing to invest with Nearburg Exploration Company L.L.C., the Vaquero 99 Prospect will be offered to you as soon as the prospect is ready to drill.

If you have no objection to the proposed well location you do not need to take any action. If you object to this location you must notify the New Mexico Oil Conservation Division, in writing, at 2040 South Pacheo Street, Santa Fe New Mexico, 87505 on or before July 14, 1999.

Yours very truly,



Bob Shelton
Land Manager



Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Grossman Klein Trust #1
101 Merritt Seven Corporate Park, Fifth Floor
Norwalk, CT 06851

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,


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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Grossman Klein Trust #2
101 Merritt Seven Corporate Park, Fifth Floor
Norwalk, CT 06851

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,


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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Hideaway Partnership
C/O The Investments
25 Hanover Road, Bldg. 8
Florham Park, NJ 07932-1400

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Yours very truly,



Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Holsum, Incorporated
C/O Gene Reischman
P. O. Box 2527
Roswell, New Mexico 88202

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,


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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

LJR Resources Ltd. Co.
P. O. Box 2527
Roswell, New Mexico 88202

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,

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The Vaquero 36 State Com #1 well location is a diagonal northeast offset to the Nearburg Producing Company operated Buffalo 21 State Com #1 well located in the E/2 of Section 2, T-19-S, R-33-E, Lea County, New Mexico. The Buffalo 21 State Com #1 well was drilled to the Morrow formation and is still producing in same. You are being given notice of the proposed well because an operator moving in the direction of a well operated by itself must give notice to the working interest owners in the offsetting tract.

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Yours very truly,



Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Menpart Associates
5 Mohawk Place
Randolph, NJ 07869

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,

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Yours very truly,



Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Susan Cole Niederhoffer
101 Merritt 7 Corporate Park
Floor 5
Norwalk, CT 06851

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Gretchen B. Nearburg
1608 Lakeway Blvd.
Austin, Texas 78734

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,

Enclosed is a copy of Nearburg Producing Company's (Nearburg) application for a Non Standard Location (NSL) for the captioned well. Current Oil Conservation Division (OCD) rules require a Morrow well location to be no closer to the short end of the spacing unit boundary line than 1,650', unless notice is given and the OCD approves the location. This approval can be granted to the operator either administratively or at a hearing. Nearburg's application has been filed administratively and unless offsetting working interest owners object, the administrative approval could be granted by the OCD on or before July, 15, 1999. If objections are received, the application will be set on a hearing docket, anticipated to be held August 5, 1999.

The Vaquero 36 State Com #1 well location is a diagonal northeast offset to the Nearburg Producing Company operated Buffalo 2I State Com #1 well located in the E/2 of Section 2, T-19-S, R-33-E, Lea County, New Mexico. The Buffalo 2I State Com #1 well was drilled to the Morrow formation and is still producing in same. You are being given notice of the proposed well because an operator moving in the direction of a well operated by itself must give notice to the working interest owners in the offsetting tract.

For those parties continuing to invest with Nearburg Exploration Company L.L.C., the Vaquero 99 Prospect will be offered to you as soon as the prospect is ready to drill.

If you have no objection to the proposed well location you do not need to take any action. If you object to this location you must notify the New Mexico Oil Conservation Division, in writing, at 2040 South Pacheco Street, Santa Fe New Mexico, 87505 on or before July 14, 1999.

Yours very truly,



Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Mark K. Nearburg
1211 W. Texas
Midland, Texas 79701

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Susan Cole Niederhoffer
101 Merritt 7 Corporate Park
Floor 5
Norwalk, CT 06851

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Yours very truly,



Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

C. W. Paine Company
1314 Juniper
Lewisville, TX 75067

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

R-N Limited Partnership
3755 East Grand Plains Road
Roswell, New Mexico 88201

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

Dear Participant,


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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Gene Reischman, As His
Separate Property
P. O. Box 2527
Roswell, New Mexico 88202

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

J. Kenneth Smith
P. O. Box 2527
Roswell, New Mexico 88202

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Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Yours very truly,


Bob Shelton
Land Manager

Nearburg Producing Company

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

June 24, 1999

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Wright Family Living Trust
889 Los Lovatos
Santa Fe, NM 87501

Re: Notification of Non Standard Location;
Vaquero 36 State Com #1 well;
(S/2) 660' FWL and 990' FSL,
Section 36, T-18-S, R-33-E,
Lea County, New Mexico

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Bob Shelton
Land Manager