

8/29/97

9/18/97

MS

KW

NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply[A] ☐ Working, Royalty or Overriding Royalty Interest Owners[B] ☒ Offset Operators, Leaseholders or Surface Owner[C] ☐ Application is One Which Requires Published Legal Notice[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,[F] ☒ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

James Bruce
 P.O. Box 1056
 Santa Fe, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
 Signature

Attorney for
 Applicant

8/29/97
 Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

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

August 29, 1997

Hand Delivered

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

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Nearburg Producing Company ("Nearburg") hereby applies for administrative approval of an unorthodox gas well location for the following well:

McCord Enterprises "23" Well No. 1
1650 feet FNL & 1310 feet FWL
S23, Township 23 South, Range 26 East, NMPM
Eddy County, New Mexico

The well will be drilled to test the Morrow formation. The W½ of Section 23 will be dedicated to the well. Attached hereto as Exhibit A is an APD, with a Form C-102 attached.

The well is in the South Carlsbad-Morrow Gas Pool, which has special pool rules requiring that a well be no closer than 1980 feet from the end line of a well unit.

The proposed location is based on geologic reasons. Attached as Exhibit B is an isopach map of the Morrow Lower "B" zone, the primary zone of interest. The proposed location was moved to the north of a standard location in order to increase the chances of encountering at least 45 feet of net sand thickness, which Nearburg believes is necessary for completing a commercial well.

Submitted as Exhibit C is a land plat. The offsetting Morrow well units in the S½ S14 and the S½ S15 are operated by Penwell Energy, Inc. ("Penwell"). Attached as Exhibit D is a notice letter signed by Penwell, waiving objection to the proposed location. Nearburg has a rig which will be available in several days. Due to difficulty in contracting for rigs, **Nearburg requests that the 20**

day notice period be waived.

This application is submitted in duplicate. Please call me if you need anything further regarding this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for Nearburg
Producing Company

cc: Duke Roush

08/29/97 10:38

FAX 915 886 7806

NPC Midland

002

Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-101

Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

District II

11 South 1st St, Artesia, NM 88210

OIL CONSERVATION DIVISION

PO Box 2088

Santa Fe, NM 87504-2088

District III

000 Rio Brazos Rd, Aztec, NM 87410

District IV

O Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

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

1. Operator name and Address Nearburg Producing Company 3300 North "A" Street, Bldg 2, Ste 120 Midland, TX 79705		2. OGRID Number 15742
4. Property Code		3. API Number
5. Property Name McCord Enterprises 23		6. Well Number 1

7. Surface Location

UI or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South Line	Feet from the	East/West Line	County
E	23	23S	26E		1,650'	North	1,310'	West	Eddy

8. Proposed Bottom Hole Location If Different From Surface

UI or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South Line	Feet from the	East/West Line	County

9. Proposed Pool 1

South Carlsbad (Morrow)

10. Proposed Pool 2

11. Work Type Code N	12. Well Type Code O	13. Cable/Rotary Rotary	14. Lease Type Code P	15. Ground Level Elevation 3,275'
16. Multiple N	17. Proposed Depth 11,950'	18. Formation Morrow	19. Contractor Peterson	20. Spud Date 11/05/97

21. 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#	400'	500 sx	Circ.
12-1/4"	9-5/8"	36# and 40#	2,000'	1,200 sx	Circ.
7-7/8"	5-1/2"	17# and 20#	11,950'	1,500 sx	

22. 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 sheet 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.

Acreage dedication is 320 acres; W/2 of Section 23.



23. I hereby certify that 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:

08/12/97

Phone:

(915) 686-8235

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

OIL CONSERVATION DIVISION

DISTRICT I

P.O. Box 1883, Hobbs, NM 88241-1883

DISTRICT II

P.O. Drawer 22, Artesia, NM 88211-0719

DISTRICT III

1800 Rio Brazos Rd., Artesia, 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
		South Carlsbad (Morrow)
Property Code	Property Name	Well Number
	McCord Enterprises 23	1
OGED No.	Operator Name	Elevation
15742	NEARBURG PRODUCING COMPANY	3275

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	23	23 S	26 E		1650	NORTH	1310	WEST	EDDY

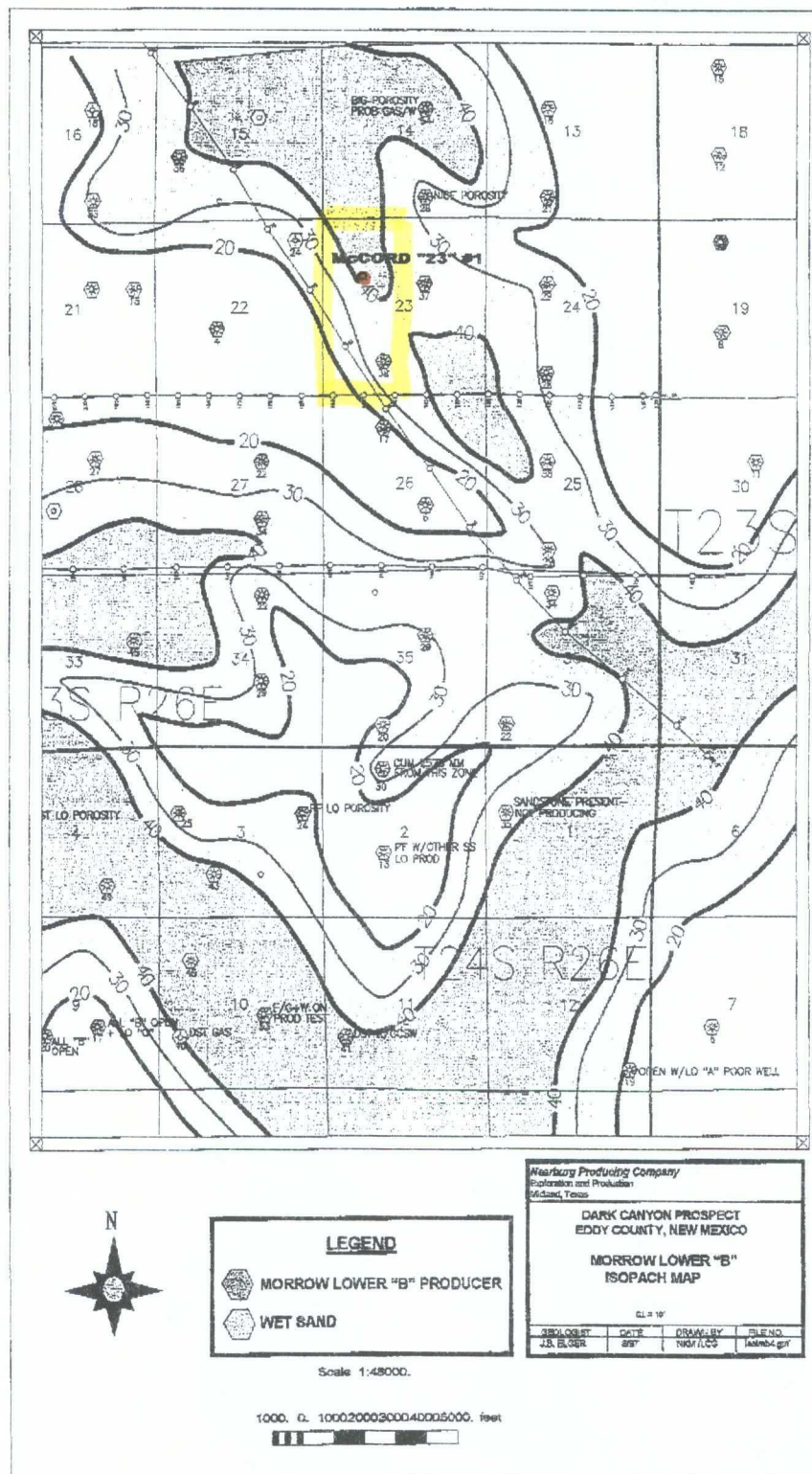
Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

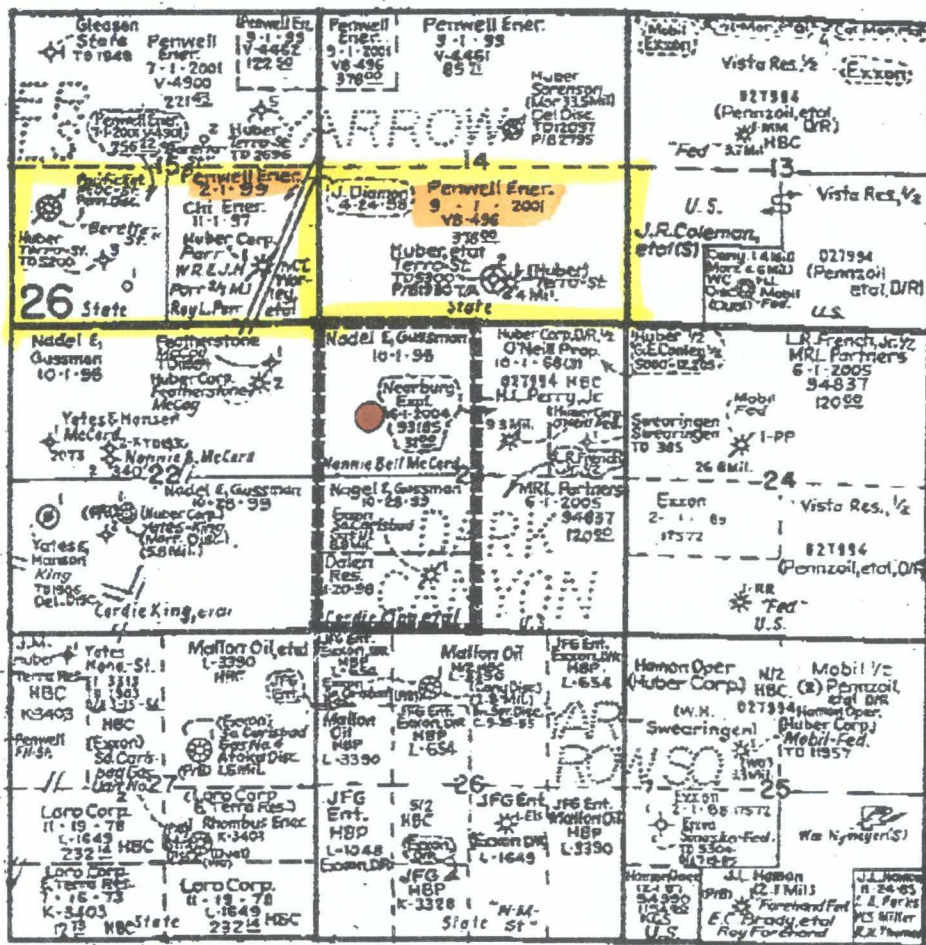
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320	Y		

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

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature E. Scott Kimbrough Printed Name Manager of Drilling and Production Title 8/22/97 Date	
	SURVEYOR CERTIFICATION 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. JULY 11, 1997 Date Surveyed JLP Signature of Surveyor Professional Surveyor NEW MEXICO 7-1597 P.O. No. 97-1156 County No. 1000 WEST 576 Cadastral No. J. EDSON 3239 Professional Surveyor G. EDSON 12841	



McCord Enterprises "23" #1 Well
1650' FNL, 1310' FWL of Section 23
T-23-S, R-26-E
Eddy County, New Mexico



EXHIBIT

C

Nearburg Exploration Company, L.L.C.

Exploration and Production
3000 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915-686-8235
Fax 915-686-7806

July 23, 1997

Penwell Energy, Inc.
600 North Marienfeld, Suite 1100
Midland, Texas 79701

Attn: Mark Wheeler

Re: McCord "28" #1
1650 FNL and 1310 FWL
Section 23, T-28-S, R-28-E
Eddy County, New Mexico
Dark Canyon Prospect

Gentlemen:

Nearburg Exploration Company, L.L.C. (Nearburg) is planning on drilling the McCord "23" #1 at the captioned location. Due to special field rules in the area, said location will be unorthodox with the well encroaching to North on acreage owned or operated by Penwell. We ask that you please waive any objection you may have on the location of this well and signify your concurrence to this location by executing in the space provided below.

Upon receipt we will attempt to obtain administrative approval from the OCD.

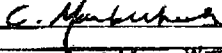
If we can be of any further assistance, please contact the undersigned.

Yours very truly,



Duke Roush
Consulting Landman

AGREED TO AND ACCEPTED this 29th day of July, 1997.
PENWELL ENERGY, INC.

By: 
Its: _____

C. MARK WHEELER, CPE
LAND MANAGER
PERMIAN BASIN



JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

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

September 4, 1997

RECEIVED

SEP 4 1997

Oil Conservation Division

Hand Delivered - Urgent

Mr. William J. LeMay
Director
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. LeMay:

I need help.


On August 29, 1997 I filed an administrative application for an unorthodox gas well location on behalf of Nearburg Producing Company. A rig is available in just a few days, which can be used for the proposed well. Nearburg needs an order on the well, or at least an NSL order number, as soon as possible so it can file the APD for the well. As a result, I request that an order be issued, or that I be called with an order number.

Please be advised that the location is unorthodox because it is 1650 feet from the end line of the well unit, while special pool rules require the well to be 1980 feet from the end line. Thus, the well is only slightly unorthodox. In addition, the only offset operator has waived objection.

I have taken the liberty of drafting a proposed NSL order, and a copy is enclosed. The order is also on the enclosed disk (Wordperfect 5.1). Your consideration of this matter is greatly appreciated.

Thank you.

Very truly yours,


James Bruce

Duke:

I gave verbal approval for Nearburg to "drill at their own risk" and notified Mae in Artesia to issue APD w/ stipulation.



September 4, 1997

Nearburg Producing Company
c/o James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-_____

Dear Mr. Bruce:

Reference is made to your application dated August 29, 1997 on behalf of the operator, Nearburg Producing Company, for an unorthodox Morrow gas well location for its proposed McCord Enterprises "23" Well No. 1 to be drilled 1650 feet from the North line and 1310 feet from the West line of Section 23, Township 23 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

The W/2 of said Section 23 being a standard 320-acre gas spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby granted.

Sincerely,

William J. LeMay
Director

cc: New Mexico Oil Conservation Division - Artesia