

DATE 4/18/02	SUSPENSE NA	ENGINEER WJ	LOGGED IN KN	TYPE PLC	APP NO. 0211330796
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] **[NSP-Non-Standard Proration Unit]** **[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]

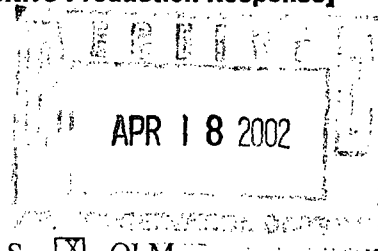
[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

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

[D] Other: Specify _____



[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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kim Stewart
Print or Type Name

Kim Stewart
Signature

Regulatory Analyst
Title

4-16-02
Date

e-mail Address

Nearburg Producing Company

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

April 16, 2002

Mr. David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Surface Commingling for Off Lease Gas Measurement and Sales Meter Allocation
Purposes
Section 13-19S-33E, Section 24-19S-33E
Lea County, New Mexico

Dear Mr. Catanach:

Nearburg Producing Company hereby requests administrative approval for Surface commingling for Off Lease Gas Measurement and sales meter allocation of the production from the wells listed on Attachment I.

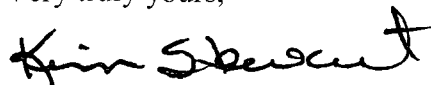
The sales meter for said wells is located in Section 24, T19S, 33E, Lea County, New Mexico. See Attachment II showing each well location and sales meter.

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 Tonto Seven Rivers and East Gem; Delaware. Federal and State 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

Panama 13 Federal #2

(30-025-35192)

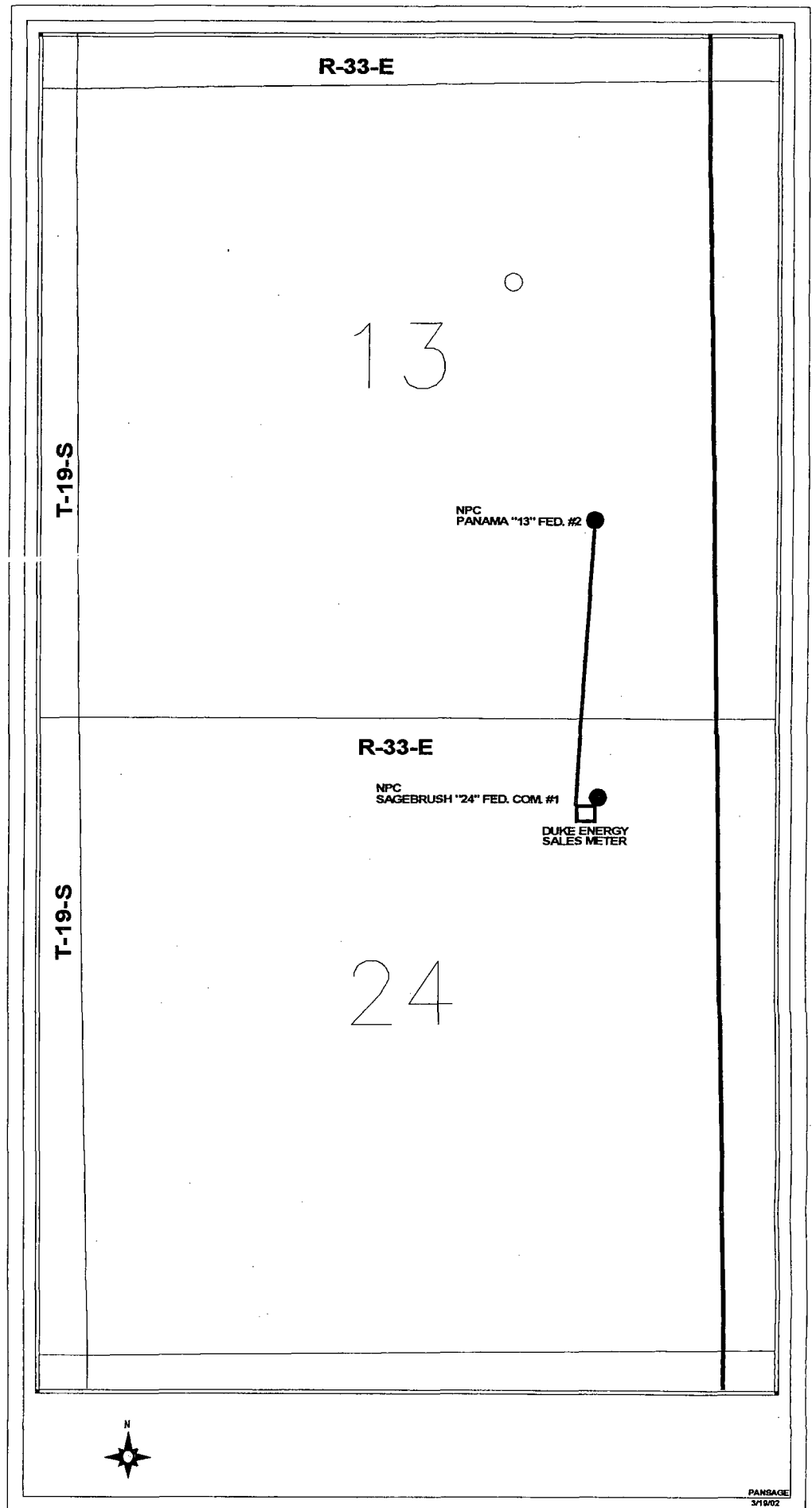
Unit I, 1650' FSL and 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico

Sagebrush 24 Federal #1

(30-025-34676)

Unit A, 660' FNL and 990' FEL, Section 24, T19S, R33E, Lea County, New Mexico

ATTACHMENT II



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

March 26, 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 13, T19S, R33E, Lea County, New Mexico
Section 24, T19S, R33E, Lea County, New Mexico

Dear Interest Owner or Purchaser:

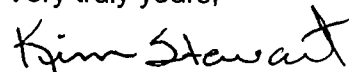
Nearburg Producing Company hereby notifies you that it is seeking approval to first meter and then commingle and off lease measure gas production from wells listed on Attachment I. The common sales meter is located in Section 24, T19S, R33E, Lea County, New Mexico. See Attachment II showing each well 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 March 26, 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

BWB Partners I
PO Box 51407
Midland, TX 79710

Tim R. MacDonald
23 Graham Lane
Lucas, TX 75002

Nearburg Exploration Co, L.L.C.
PO Box 823085
Dallas, TX 75382-3085

Daniel W. Varrel
C/O Bright & Bright, L.P.
5944 Luther Lane, Suite 600
Dallas, TX 75225

Williamson Enterprises
G. Dee Williamson
PO Box 2206
Roswell, NM 88202-2206

Nuevo Seis Limited Partnership
PO Box 2588
Roswell, NM 88202-2588

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

Sunoco, Inc. (R&M)
907 South Detroit
Tulsa, OK 74012

WELL-HEAD ALLOCATION

JANUARY 2002

Purchaser: Duke Energy Field Services

Duke Meter: 714894

Duke Contract: LIN015500

Property	Property No.	FOILTECH		Duke Mtr. Mcf @ 15.025 sat	Duke Mtr. Mcf @ 14.65 sat
		Wellhead Mcf @ 14.65 sat	Allocated Percentage		
SAGEBRUSH 24 FED COM 1	554525	784	0.323833	774	794
PANAMA 13 FED NO. 2	554741	1637	0.676167	1616	1657
Total		2421	1.000000	2390	2451

2451

Reference to question #8:

Detailed Economic Justification:

Nearburg wanted to negotiate a low pressure gas contract to keep both wells economically viable. Both wells are on Federal Leases. Since the majority of the gas is produced from one well, we needed to deliver the combined production of the two wells to the purchaser at a central point. This allowed us to negotiate a much better gas price for the wells. The purchaser's contract price would have been much lower if the purchaser had to lay the line. 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. 1/2 miles @ \$10/FT =	\$26,400
Meters: 2 allocation meters @ \$4,000 each =	\$8,000
Total costs:	<u>\$34,400</u>

APR - 1 2002

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

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

5. Lease Designation and Serial No.
NM 24489

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Panama 13 Federal #2

9. API Well No.

30 025 35192

10. Field and Pool, or Exploratory Area

Tonto Seven Rivers

11. County or Parish, State

Lea County, New Mexico

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 North A Street, Building 2, Suite 120, Midland, TX 79705 (915) 686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit I, 1650' FSL and 990' FEL, Section 13-19S-33E

(NESE)

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 & Surface Commingling
☐ 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 allocation and Surface Commingling with the following well:

- 1.) Sagebrush 24 Federal #1
Unit A, 660' FNL and 990' FEL
Section 24-19S-33E
Lea County, New Mexico

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

Signed

Title Regulatory Analyst

Date 03/26/2002

(This space for Federal or State Office use)

Approved by
Conditions

Title

Date

MAR 28 2002

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 or to furnish any false, fictitious or fraudulent information.

PETROLEUM ENGINEER

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

*See Instruction on Reverse Side

APR - 1 2002

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

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 North A Street, Building 2, Suite 120, Midland, TX 79705 (915) 686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit A, 660' FNL and 990' FEL, Section 24-19S-33E

5. Lease Designation and Serial No.
NMNM 100860

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Sagebrush 24 Federal #1

9. API Well No.

30 025 34676

10. Field and Pool, or Exploratory Area

East Gem, Delaware

11. County or Parish, State

Lea County, New Mexico

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 & Surface Commingling
☐ 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 allocation and Surface Commingling with the following well:

- 1.) Panama 13 Federal #2
Unit I, 1650' FSL and 990' FEL
Section 13-19S-33E
Lea County, New Mexico

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

Signed

Title Regulatory Analyst

Date 03/26/2002

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

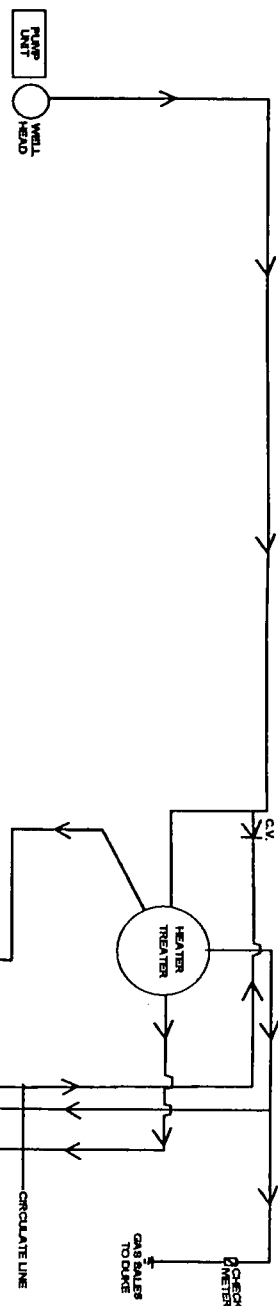
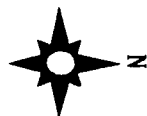
MAR 28 2002

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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.

DAVID R. GLASS
PETROLEUM ENGINEER

*See Instruction on Reverse Side



PRODUCTION SYSTEM - OPEN

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

A. Production Phase

- (1) Valve 1 open
- (2) All valves 4 sealed closed
- (3) All valves 5 sealed closed
- (4) All valves 6 sealed closed

B. Sales Phase (Sales from SST-1 or SST-2)

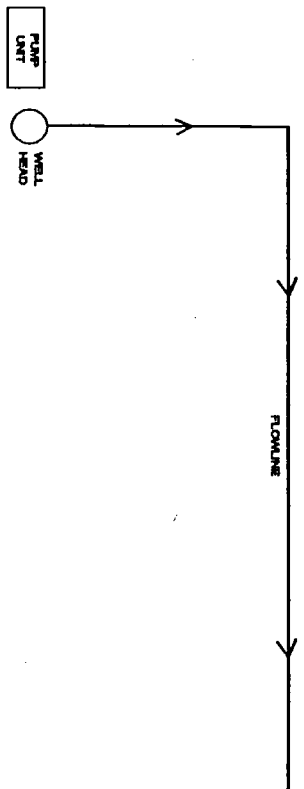
- (1) Valve 4 open
- (2) Valve 1 on SST-1 sealed closed
- (3) All valves 5 sealed closed
- (4) All valves 6 sealed closed

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
Panama 13 Fed. #2
1680' FSL 890 FEL
Unit 1 Sec. 13 T19S R33E
Lea County, New Mexico
API #30-026-35192, NM 24488



PUMP UNIT
WELL HEAD

PRODUCTION SYSTEM - OPEN

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

A. Production Phase

- (1) Valve 1 open
 - (2) All valves 4 sealed closed
 - (3) All valves 5 sealed closed
 - (4) All valves 6 sealed closed
- B. Sales Phase (Sales from SST-1 or SST-2)

- (1) Valve 4 open
- (2) Valve 1 on SST-1 sealed closed
- (3) All valves 5 sealed closed
- (4) All valves 6 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
SAGEBRUSH 24 FED. COM. #1
660' FNL, 980' FEL
Unit A Sec. 24-T19S, R33E
Lea County, New Mexico
API #30-025-34676, NM 100860

