

ABOVE THIS LINE FOR DIVISION USE ONLY

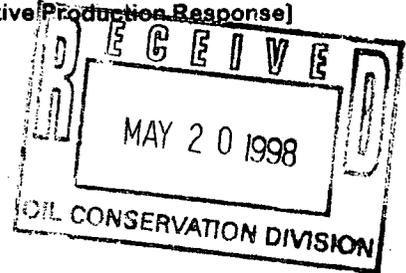
**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**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.

Print or Type Name: \_\_\_\_\_ Signature: James Bruce Title: Attorney for Applicant Date: 5/20/98

**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)

May 20, 1998

**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 Exploration Company, L.L.C. ("Nearburg") applies for administrative approval of an unorthodox gas well location for the following well:

Eagle Creek "14" Well No. 1  
1070 feet FNL & 2061 feet FWL  
N½ S14, Township 17 South, Range 25 East, NMPM  
Eddy County, New Mexico

The well will be drilled to test the Morrow formation, and the N½ of Section 14 will be dedicated to the well. The well is in the Undesignated East Eagle Creek Atoka-Morrow Gas Pool, which is spaced on statewide rules, requiring that wells be no closer than 1650 feet to the end line of a well unit and 660 feet to the side line of a unit, and no closer than 330 feet to a quarter-quarter section line. The location is unorthodox because it is too close to a quarter-quarter section line.

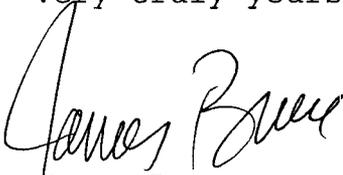
The proposed location is based on both geologic and topographic reasons. Attached hereto as Exhibit A is a Form C-102 for the well. Nearburg's original location was orthodox, but had to be moved south and east because it was too close to a telephone line, which is marked on Exhibit A. Attached as Exhibit B is an isopach of the Morrow formation, the primary zone of interest. Nearburg believes that the E½NW¼ of Section 14 is the best location for the well. However, it desires to stay in the NE¼NW¼ (Unit C) because it has geophysical control in that quarter-quarter section, thus minimizing the risk involved in drilling the well. The proposed location was not moved to the north of the telephone line because that location would be closer to the well in Section 11, which has

produced 0.748 BCF of gas.

Because the well is only moving toward an interior unit boundary, notice is not required to be given to anyone. **Therefore, 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, appearing to read "James Bruce".

James Bruce

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

cc: Duke Roush

DISTRICT I  
P.O. Box 1000, Hobbs, NM 88241-1000

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1984  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer 80, Artesia, NM 88211-0719

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

OIL CONSERVATION DIVISION

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-30246</b>	Pool Code	Pool Name
Property Code	Property Name <b>EAGLE CREEK 14</b>	Well Number <b>1</b>
OGRID No.	Operator Name <b>NEARBURG PRODUCING COMPANY</b>	Elevation <b>3497'</b>

Surface Location

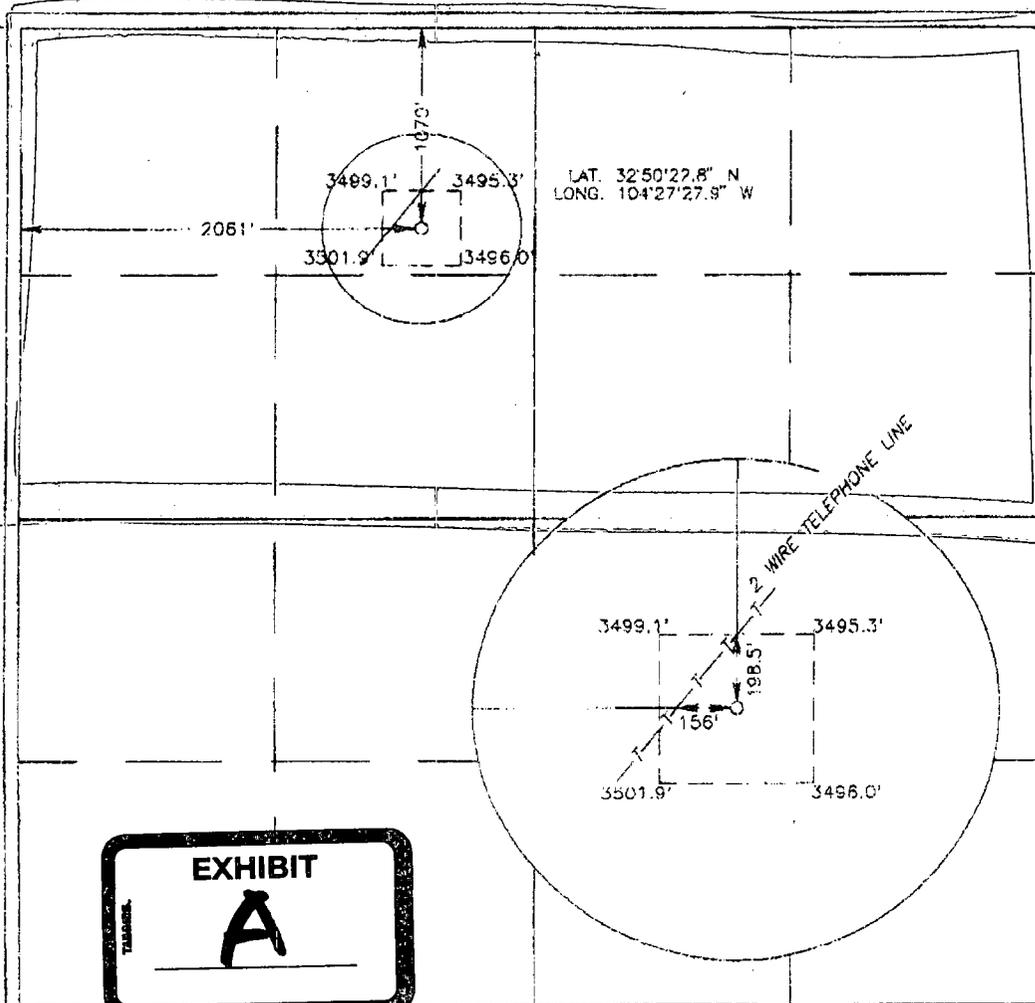
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	14	17 S	25 E		1070	NORTH	2061	WEST	EDDY

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.

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 \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

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.

APRIL 21, 1998

Date Surveyed \_\_\_\_\_ CIDG

Signature & Seal of Professional Surveyor \_\_\_\_\_

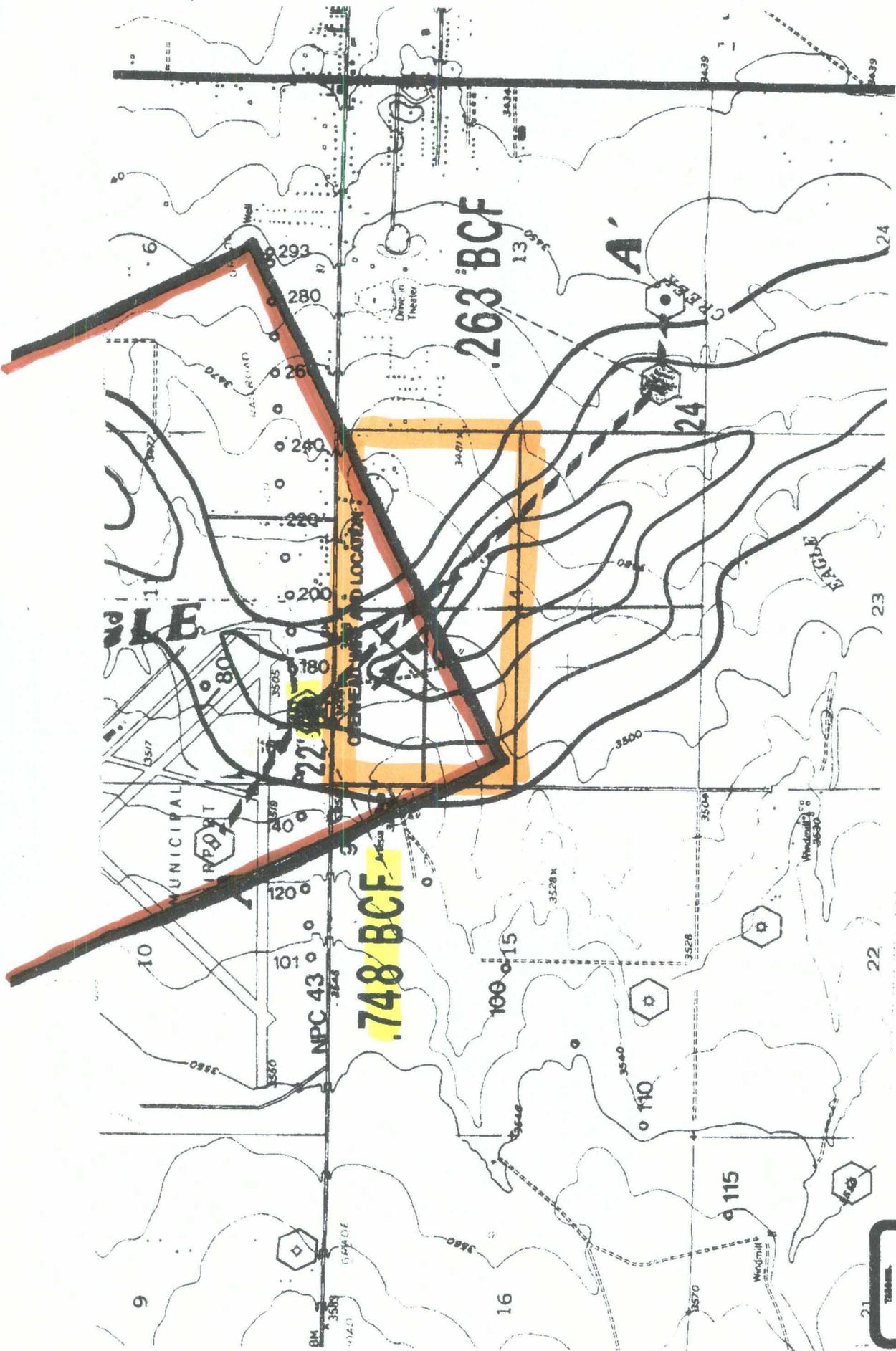
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98-11-0598

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Certificate No. RONALD J. LIDSON 323R  
GARY EIDSON 12641





3-D AREA IN RED

EXHIBIT  
**B**

5-14-98

~~Mike~~  
~~David,~~

Can NPC drill this well w/o a NSL approval and obtain one at a later date? They had to move the location due to overhead power-lines as an obstruction. Please give me a call.

Thanks, Bryan

748 1283

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

District II  
811 Scout 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

Form C-101  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

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		GRID Number 015742
Property Code		API Number 30 - 0
Property Name Eagle Creek 14		Well No. 1

MAY 1998  
RECEIVED  
OCD - ARTESIA

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	17S	26E		1070	North	2061	West	Eddy

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 Wildcat, Morrow					Proposed Pool 2				
Eagle Creek, Artesia - Morrow, East 5A									

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3487
Multiple No	Proposed Depth 8100	Formation Morrow	Contractor Peterson	Spud Date 06-01-98

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	18 Hours WOC 13-3/8"	48#	400'	500 sacks	Circ to surface
12-1/4"	8-5/8"	24#	1,200'	775 sacks	Circ to surface
7-7/8"	5-1/2"	17# & 20#	8,100'	950 sacks	

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.

Notify N.M.O.C.E. in sufficient  
time to witness cementing  
the \_\_\_\_\_ casing

Acreage dedication is 320 acres; N/2 of Section 14.

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

Signature: *E. Scott Kimbrough*  
Printed name: E. Scott Kimbrough

Title: Manager of Drilling and Production

Date: 5/14/98 Phone: 915/686-8235

OIL CONSERVATION DIVISION

Approved By: \_\_\_\_\_

Title: \_\_\_\_\_

Approval Date: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Conditions of Approval:  
Attached:

DISTRICT I  
Box 1890, Hobbs, NM 88241-1890

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 - 8 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0710

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
		Wildcat, Morrow
Property Code	Property Name	Well Number
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OGRID No. 015742	Operator Name	Elevation
	NEARBURG PRODUCING COMPANY	3497'

Surface Location

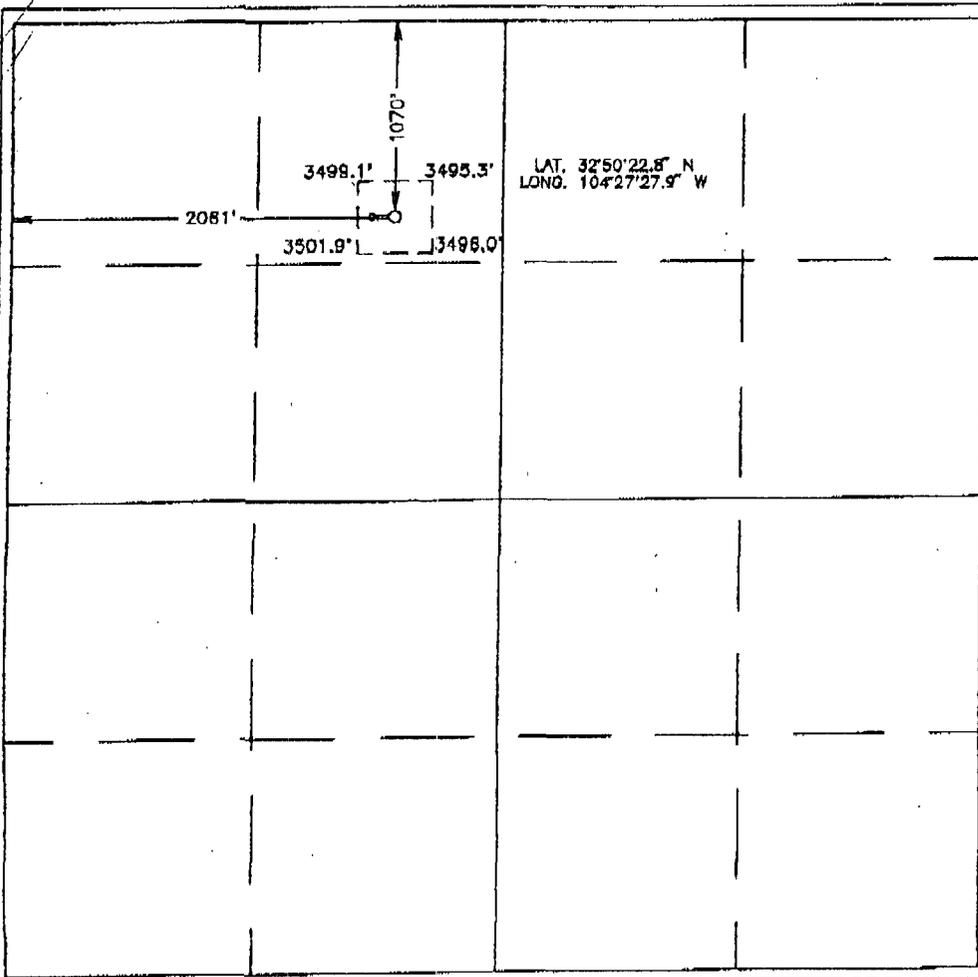
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C	14	17 S	25 E		1070	NORTH	2061	WEST	EDDY

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 N/2	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



**OPERATOR CERTIFICATION**

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

*E. Scott Kimbrough*  
Signature

E. SCOTT KIMBROUGH  
Printed Name

Mgr of Ops & Prod  
Title

5/11/98  
Date

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**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.

APRIL 21, 1998

Date Surveyed \_\_\_\_\_ CDG

*Ronald E. Edson*  
Signature

Ronald E. Edson  
Professional Surveyor

3239 4-24-98  
88-11-0588

Certificate No. RONALD E. EDSON 3239  
12641