

DATE 6/3/99	SUBMITTER 6/23/99	ENGINEER MS	LOGGED KN	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

Case 12212

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] and [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

99 JUN -3 PM 3:31

OIL CONSERVATION DIV.

[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

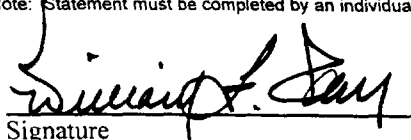
[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

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 understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

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

William F. Carr
Print or Type Name

Signature



Attorney
Title

June 3, 1999
Date

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
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SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
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E-MAIL: ccbspa@ix.netcom.com

June 3, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Case 12212

Re: *Application of Nearburg Exploration Company, L.L.C. for Administrative Approval of an Unorthodox Well Location for its Diamondback "25" Federal Well No. 1 to be drilled 990 feet from the South line and 660 feet from the East Line of Section 25, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico*

Dear Ms. Wrotenbery:

Nearburg Exploration Company, L.L.C. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Diamondback "25" Federal Well No. 1 to be drilled to the Morrow formation, Undesignated East Lusk-Morrow Gas Pool, at an unorthodox well location 990 feet from South line and 660 from the East line of Section 25, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico. The E/2 of Section 25 will be dedicated to the well.

The well will be drilled to a depth sufficient to test the Morrow formation. This location in the Morrow formation is unorthodox because it is governed by the Division Rule 104.B. (1)(a) which provides for wells at this depth on 320-spacing units to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
June 3, 1999
Page 2

inner boundary.

Attached hereto as Exhibit A is a plat, as required by Rule 104.F (3), showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

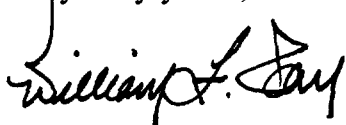
This unorthodox location is required by geological conditions in the Morrow formation. Attached hereto as Exhibit B is a structure map on the top of the Morrow formation which shows the proposed location would be located along the western portion of a large Morrow feature at the same structural position to as offsetting Morrow producers. Exhibit C is an isopach map of the Morrow "C" Sand which shows the proposed location to be within a well developed Northwest-Southeast trending sand fairway. Exhibit D is a stratigraphic cross section which shows the productive sand lenses in the Morrow "B" and "C" sand sections in the area of interest. A Geological Discussion is also enclosed as Exhibit E which further demonstrates that the proposed unorthodox location is supported by geological data.

Exhibit F lists parties affected by this application. A copy of this application, including a copy of the plat described above has been sent to the affected parties by certified mail-return receipt requested in accordance with Rule 1207 (A)(5) advising them that if they have an objection to this application it must be filed in writing within twenty days from the date this notice was sent.

Also enclosed is a proposed order approving this application.

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and "C".

WILLIAM F. CARR
Attorney for Nearburg Exploration Company, L.L.C.

Enclosures

cc: Mr. Duke Roush
Nearburg Exploration Company, L.L.C.

Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Attention: Duke Roush

Administrative Order NSL-_____

Dear Mr. Roush:

Reference is made to your application dated June 3, 1999, for an unorthodox well location for a well to be drilled to the Morrow formation, Undesignated East Lusk-Morrow Gas Pool, for your proposed Diamondback "25" Federal Well No.1. Said well to be drilled to a bottom hole location in the Morrow formation 990 feet from the South line and 660 feet from the East line (Unit P) of Section 25, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

A 320-acre spacing and proration unit in the Morrow formation comprising the E/2 of said Section 25 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

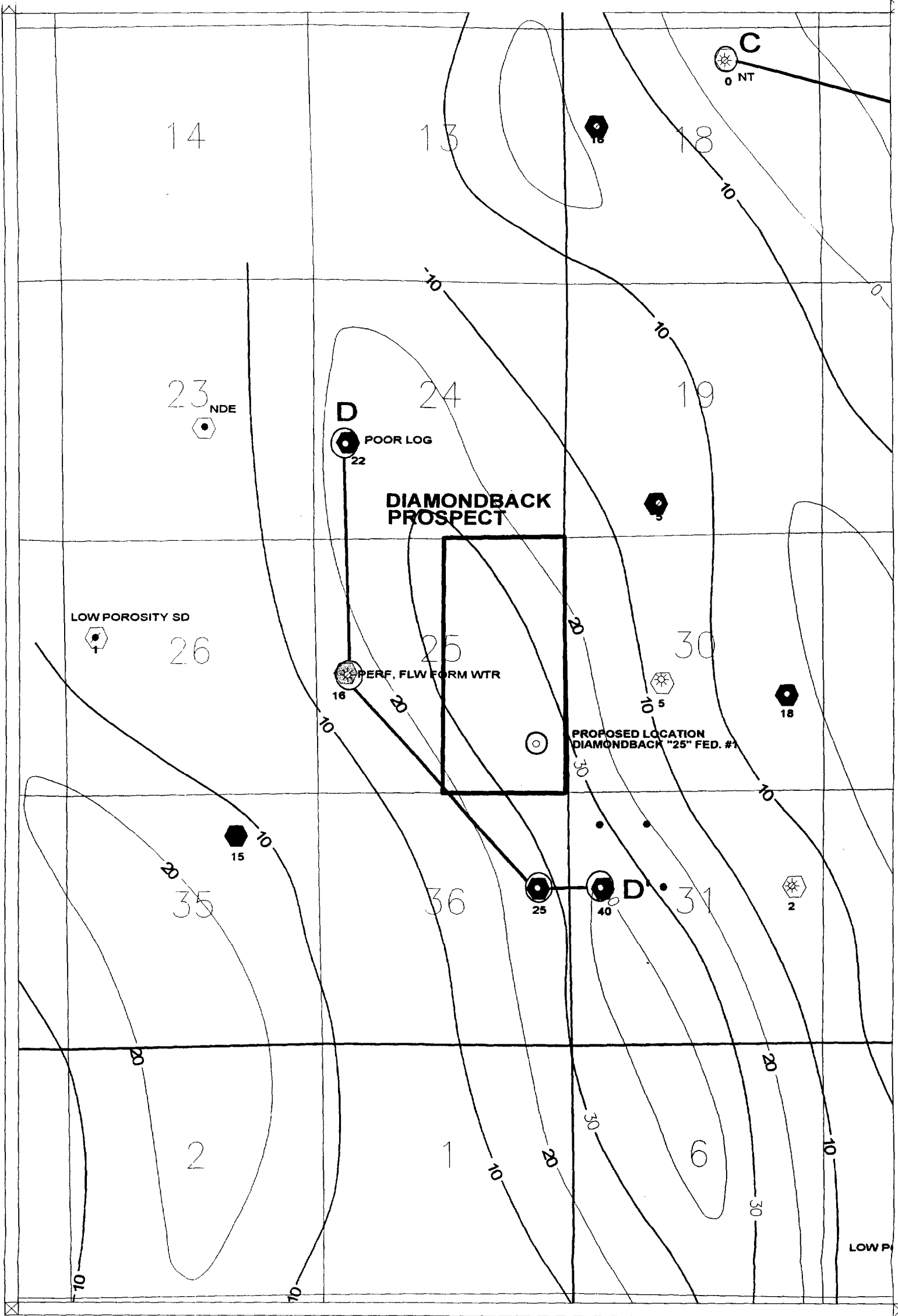
Sincerely,

Lori Wrotenbery
Director




cc: Oil Conservation Division - Hobbs/Artesia
U. S. Bureau of Land Management - Carlsbad

Anadarko
 HBP 12412
 Burlington
 23
 (P/B)
 Burlington Fed.
 (Grace Pet.)
 W. Tonto Fed.
 2 Mil.
 U.S.
 Burlington
 (R Westall)
 (ARCO, V2)
 12412
 (Amoco)
 W. Tonto Fed.
 26
 (R Westall)
 (ARCO, V2)
 to 7856
 Burlington
 12412
 U.S.
 Yates Fed.
 Lusk Fed.
 35
 Leonard
 Boeliner
 to 2736
 DM 3-3-58
 U.S.
 "Lusk-Fed"
 U.S.
 Altura
 W/2 HBC
 R Westall
 ARCO, V2
 3500'
 Morrow Base
 Samson Res.
 (Burlington)
 HBC
 (P/B) W
 12413
 "W. Tonto Fed."
 U.S. Big Circle
 Collier Ener.
 (Union Tex.)
 077006
 Webb Oil
 to 3500'
 (Nelson Prod)
 FEM Oil
 U.S.
 R Westall
 Grace Pet.
 HBP
 12413
 Grace Pet.
 W. Tonto-A-Fed.
 (U.S.)
 Manzano
 (3 Mil)
 P150 14780
 Meridian
 to 3500
 "McKamey-Fed"
 U.S.
 (Pogo Ent V2)
 Gussman
 L 6631
 "MH"
 Nadel E.
 Gussman
 Manzano
 HBP
 12402
 Matador
 36
 Texaco
 H.B.P.
 B-1545
 (Pogo Ent V2)
 Nadel E.
 Gussman
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 Stato Pogo Ent V2
 (Exxon) Lindys
 P14
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 R Westall
 et al, SIK
 1064790
 Amoco
 (Orb. base)
 Del base
 "Paladin-Fed."
 19
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 (H.E. Yates)
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 077004
 12,812 S/2
 Mack En.
 Collier Fed.
 Y5500-11,020, 512)
 Collier Ener.
 H 3176
 Falcon Fed.
 TO 3181
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 (Mack Energy) Yates
 Corp.
 Webb Oil
 to 3138
 to 4000
 FI-RO Corp.
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 Hudson
 Signal-Ross Fed.
 (Superior D/R)
 Signal-Ross Fed.
 H.E. Yates
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 Webb Oil
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 Hudson
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 B-1545
 (Pogo Ent V2)
 Nadel E.
 Gussman
 L 6631
 100

EXHIBIT A



LEGEND

-  MORROW "C" SAND PRODUCER
-  MORROW "C" SAND SHOW
-  MORROW "C" SAND WET

Scale 1:24,000

1000. 0. 1000. 2000. 3000. 4000. 5000. feet

EXHIBIT C



Nearburg Producing Company
Exploration and Production
Midland, Texas

DIAMONDBACK PROSPECT LEA COUNTY, NEW MEXICO

ISOPACH MAP
MORROW "C" SAND
Ø ≥ 8%

CL = 10'

GEOLOGIST	DATE	DRAWN BY	FILE NO.
T. F. GAWLOSKI	5/69	PLD	ISOMC.GPF

MORROW "B" ANDS
MORROW "C" ANDS



Completed 1-5-81

IP (Morrow) 13,502-526
CAOF 2020 MCFGPD

Perf: 13,502-514, 13,522-526 w/2 spf,

CUM: 1.5 BCF + 53 MBO

LT(11-98) GAS NR 6 BOPD

Completed 7-13-82

IP (Morrow) 13,454-650
F 1370 MCFGPD

Perf: 13,669-672, 13,675-684

Acid, w/ 1000gals. Flwd Wtr W/No Show Gas

Perf: 13,454-660, 13,531-535, 13,646-650

13,454-650 - Flwd 1900 MCF, 16/64" Chk, FTP 1300#

CUM: 42 MMCFG + 4 MBO

Workover 10-84

Perf: 13,398-405, 13,415-421, 13,423-429

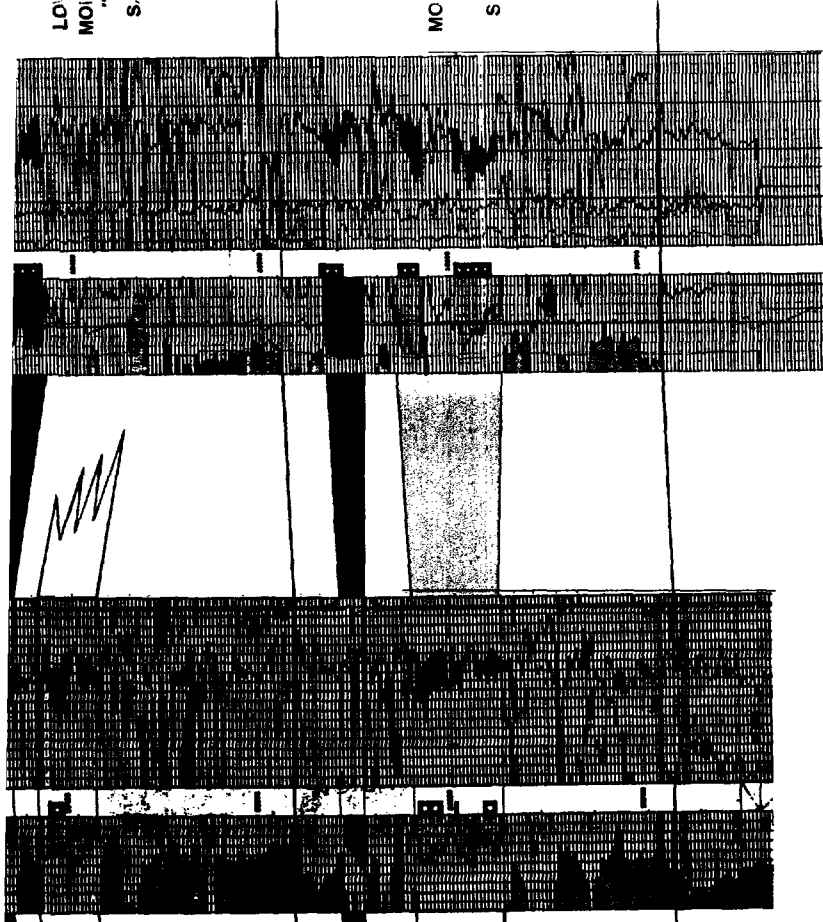
SWBD 10 BW w/small amt. gas

TA 10-24-84

Recompleted 6-89 (Bone Spring)

CUM: 20 MBO + 21 MMCFG

LT (12-97) P 3 BOPD + 5 MCFGPD



Completed 9-16-81

IP (Morrow) 13,584-624
F 624 MCFGPD

Perf: 13,603-606, Flwd 350 MCFGPD

6 3/4 hrs on 8/64" Chk

Perf: 13,584-586, 13,618-624

Flwd: 937 MCFGPD + 1 BC + BW

1" choke, FTP 330# - Acid. w/4000 gals.

Flwd: 680 MCFGPD + 1 BC + 11 BW /12 hrs.

Bridgeplug @ 13,545

Recompleted 1-7-90

IP (Morrow) 13,390-13,398

2250 MCFGPD + 9 BCPD 12/64" Chk, FTP 3745#

CUM: 2.8 BCF + 48 MBO

Completed 12-11-90

IP (Morrow) 13,233-13,382, 13,553-13,624

F 3202 MCFGPD + 187 BCPD

Perf: 13,323-242, 13,274-287, 13,312-314,

13,322-327, 13,332-348, 13,360-382,

13,533-545, 13,573-583, 13,604-624

CUM: 2.6 BCF + 81 MBO

LT(11-98) F 795 MCFGPD + 22 BCPD

ILLEGIBLE

EXHIBIT D

Meerburg Producing Company
Exploration and Production
Midland, Texas

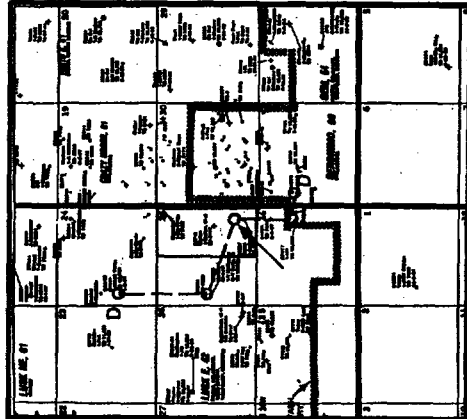
Diamondback Prospect

Lea County, New Mexico

Morrow Stratigraphic

Cross Section D - D'

DATE	REVISION	BY	DATE
10/1/81	1	PLD/IMP	
10/1/81	2	PLD/IMP	





GRACE PETROLEUM CORP.
WEST TONTO FED. COM. #1
1980'FSL 660'FWL
24-19S-32E
K.B. = 3626



GRACE PETROLEUM CORP.
WEST TONTO 'A' FED.COM. #1-Y
2450'FSL 660'FWL
25-19S-32E
K.B. = 3604



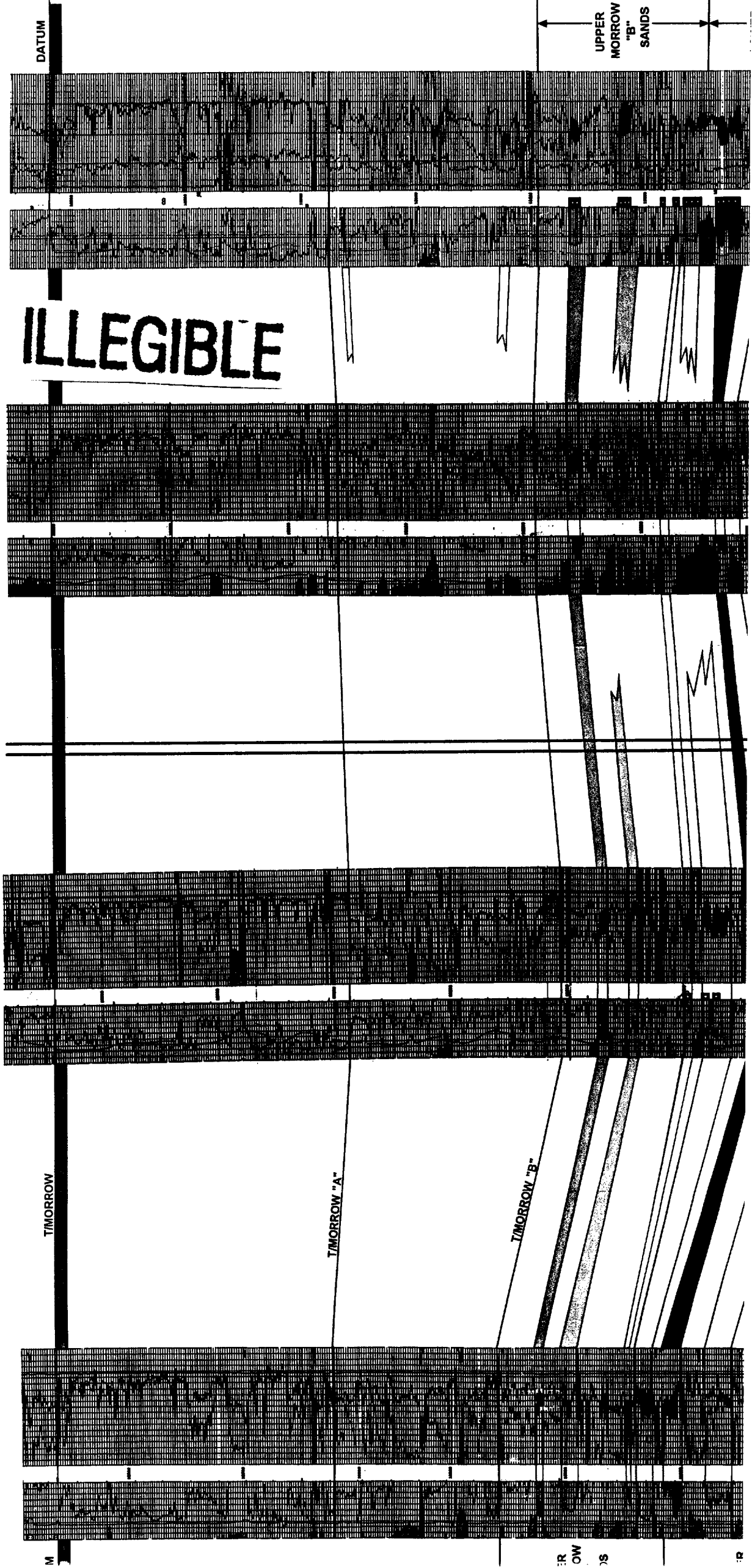
NEARBURG PRODUCING CO.
DIAMONDBACK "25" FED #1
990'FSL 660'FEL
25-19S-32E



UNION OIL CALIF.
STATE HH #1
1980'FNL 660'FEL
36-19S-32E
K.B. = 3603



MITCHELL ENERGY CORP.
GERONIMO FEDERAL #2
1980'FNL 660'FWL
31-19S-33E
K.B. = 3597



**UNORTHODOX LOCATION
NEARBURG PROD. CO. ,
DIAMONDBACK "25" FED. #1
990' FSL & 660' FEL, SEC. 25-T19S-R32E
LEA COUNTY, NEW MEXICO**

GEOLOGICAL DISCUSSION

The Nearburg Producing Co., Diamondback "25" Fed. #1 well is located along the northern portion of the Delaware Basin in central Lea County, New Mexico. The proposed 13,700' test is projected to encounter the gas productive sands of the (Pennsylvanian) Morrow Formation. The Morrow, in this area of Lea County, produces from multiple sand lenses within the Morrow "B" and "C" sand sections from both structural and stratigraphic traps.

The Diamondback "25" Fed. #1 well has been placed at an unorthodox location of 990' FSL & 660' FEL principally to maintain a positive structural position. The structural position of the Morrow sands is important in this area of Lea County. There are several wells situated off structure that produce water. In fact, the Grace Petroleum, West Tonto "A" Fed. Com. # 1Y well, located just $\frac{3}{4}$ mile northwest of the proposed location, recovered formation water on a production test across the Morrow "C" sand interval. The enclosed structure map shows that the proposed location would be located along the western portion of a large Morrow structural feature ~ 50ft. high to the West Tonto "A" #1Y well. In addition, the proposed location is at the same structural position as the 2 closest Morrow producers; the Union, State "HH" #1 (NE/4 of Sec.36-19S-32E) and the Mitchell Energy, Geronimo Federal #2 (NW/4 of Sec.31-19S-33E) both of which produce from multiple sands within the Morrow "B" and "C" sections (cross section D-D').

The enclosed Morrow "C" sand isopach also shows that the proposed location to be within a well developed NW-SE trending sand fairway. The Morrow "C" sands are productive in 3 out of the 4 wells along this trend. The one non-productive well has well developed sand but tested water.

The well defined Morrow "C" sand trend along with the favorable structural position should increase the chances of recovering gas from the Morrow formation at the proposed unorthodox location.

EXHIBIT F

AFFECTED PARTIES

Application of Nearburg Exploration Company, L.L.C. for
administrative approval of an unorthodox well location
Diamondback "25" Federal Well No.1
990 feet from the South line and 660 feet from the East line
Section 25, Township 19 South, Range 32 East, NMPM
Lea County, New Mexico

Matador Petroleum Corporation
8340 Meadow Road, Suite 158
Pecan Creek
Dallas, TX 75231-3751

Mitchell Energy & Development Corp.
Post Office Box 4000
The Woodlands, TX 77387-4000

Kaiser-Francis Oil Company
Post Office Box 21468
Tulsa, OK 74121