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OIL CONSERVATION DIV.

99 NOV -5 AM 11:06

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November 5, 1999

HAND DELIVERED

Michael Stogner, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

12286

Re: Application of Nearburg Exploration Company for Unorthodox Well Location, South Boyd 27#10 Well, 510 from the North line, 990 feet from the East line, Section 27, Township 19 South, Range 27 East, Eddy County, New Mexico

Dear Mr. Stogner

On October 26, 1999, we filed an administrative application for approval of the above-referenced unorthodox well location. Subsequently, you and I have discussed the application, and you requested additional information from Nearburg which would justify the requested location.

Enclosed with this letter are three items responsive to your request. First, I have enclosed a Memorandum from Ken Dickeson of Nearburg Exploration, setting forth Nearburg's reason for requesting the unorthodox well location. As Mr. Dickeson's letter indicates, a standard well location of 660 feet from the North line of Section 27 will place the well pad in the middle of a dry creek bed which runs with water during heavy rains. The standard location will cause the well pad and associated equipment to be frequently washed out or damaged.

Second, I have enclosed 24 pictures depicting the proposed unorthodox well site and the well site if it were in a standard location. The pictures clearly show the existence of the dry creek bed, the fact that the standard location is within the creek bed, and the new proposed

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well location. Each picture bears a caption on the reverse side explaining the perspective from which the picture was taken.

Finally, I have enclosed copies of the letter by which I provided notice to all royalty owners in the E/2 of Section 22, the only spacing unit to which the proposed unorthodox well location is closer than the standard statewide rules. The enclosed letters satisfy Nearburg's notice obligations under NMOCD Rule 1207 (a) with respect to both the administrative application, and the standard application for hearing which we filed on October 26, 1999.

We will appreciate your consideration in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul R. Owen", with a stylized, flowing script.

Paul R. Owen

PRO/md

Enclosures

cc: Bob Shelton

Memorandum

Date: November 1, 1999

To: New Mexico Oil Conservation Division

From: Ken Dickeson
Nearburg Producing Company

Re: South Boyd 27-10 Well
510' FNL & 990' FEL Section 27, T-19-S, R-25-E, N.M.P.M.
Eddy County, New Mexico

The captioned well was originally staked at a location of 660' FNL & 990' FEL of said Section 27. This original location was on the edge of a dry creek bed. Due to concerns of a potential wash out in the event of heavy rains, the location was moved 150' north to the present location. Although Nearburg could build a location at the original site, we have experienced problems in the past with flooding in this creek. Approximately three years ago, Nearburg's South Boyd 27-7 well location in the NE/4SW/4 of Section 27 was washed out and had to be rebuilt because of heavy flooding. The potential for flooding is a concern inasmuch as surface equipment could be damaged and an accidental release or spill of hydrocarbons because of such flooding could create an environmental hazard, contaminating the surrounding soil and putting people and livestock at risk.

Because of the foregoing, your approval of the amended location is requested. The attached photos will provide you with further evidence of the topography and creek. On the back of each photo is a brief explanation of the view.

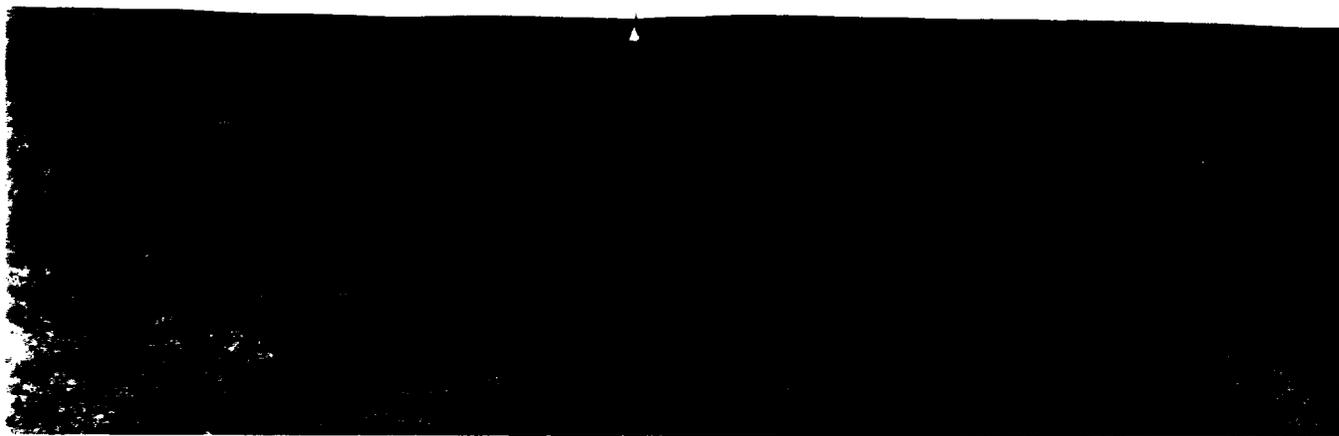
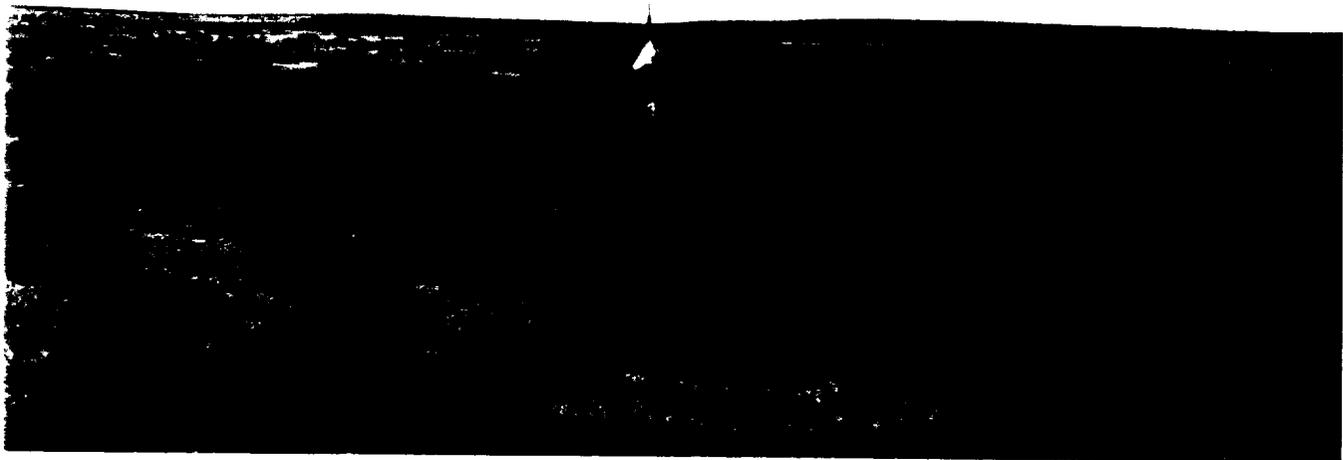


Ken Dickeson

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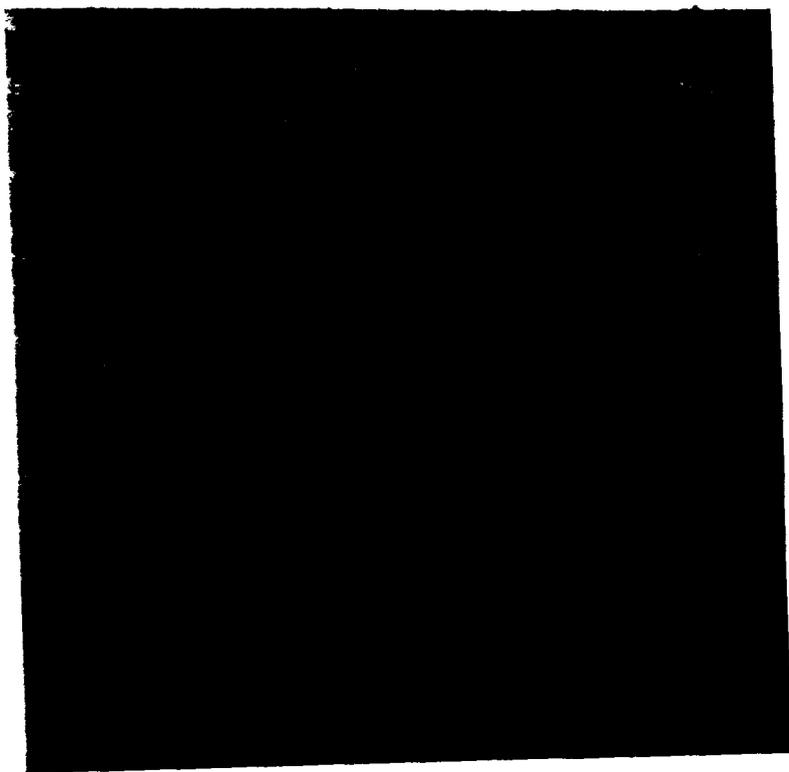
CAMPBELL, CARR, et. al.



510' FNL & 990' FEL
(current location)
looking NE

current location
looking NE

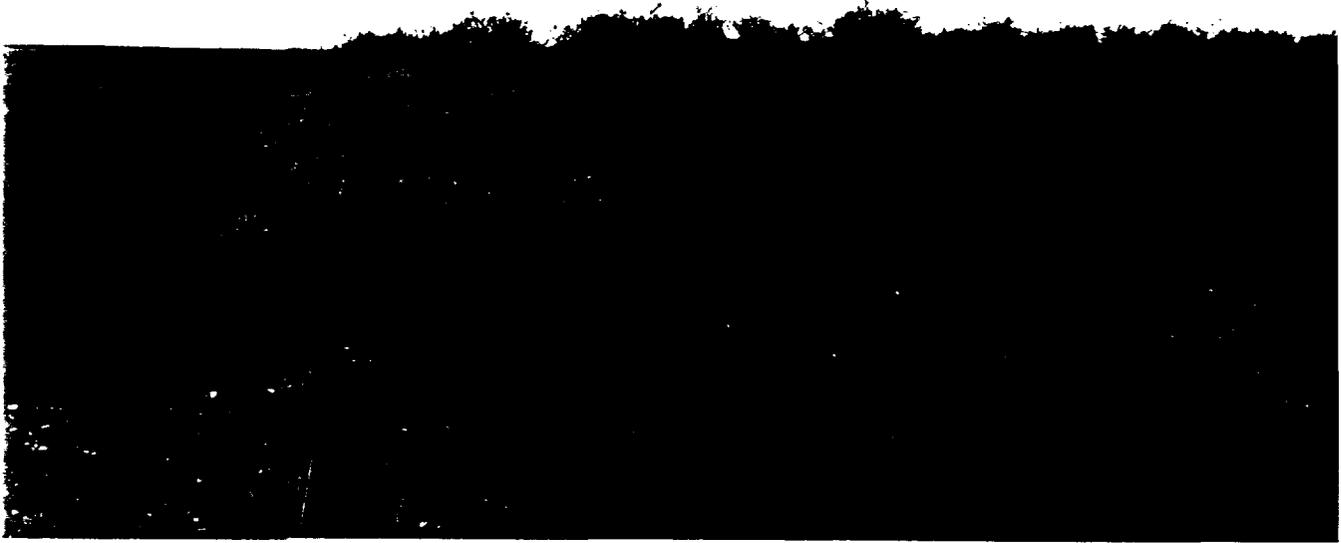
2000 1000 1000 1000



660' FNL ; 990' FEL
(original location)

looking NE





22+00 INAD-179U 6837

looking SW from
original location

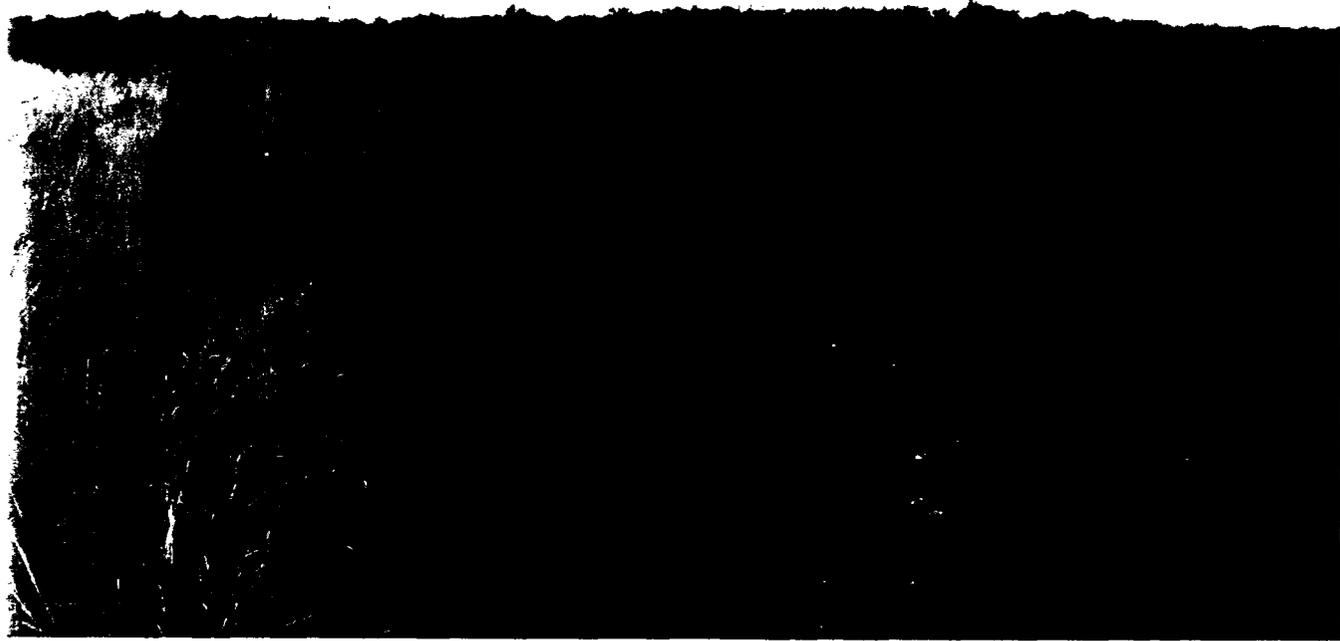
19.10.27



22+00 INAD-34AU 6837

looking ENE from
original location

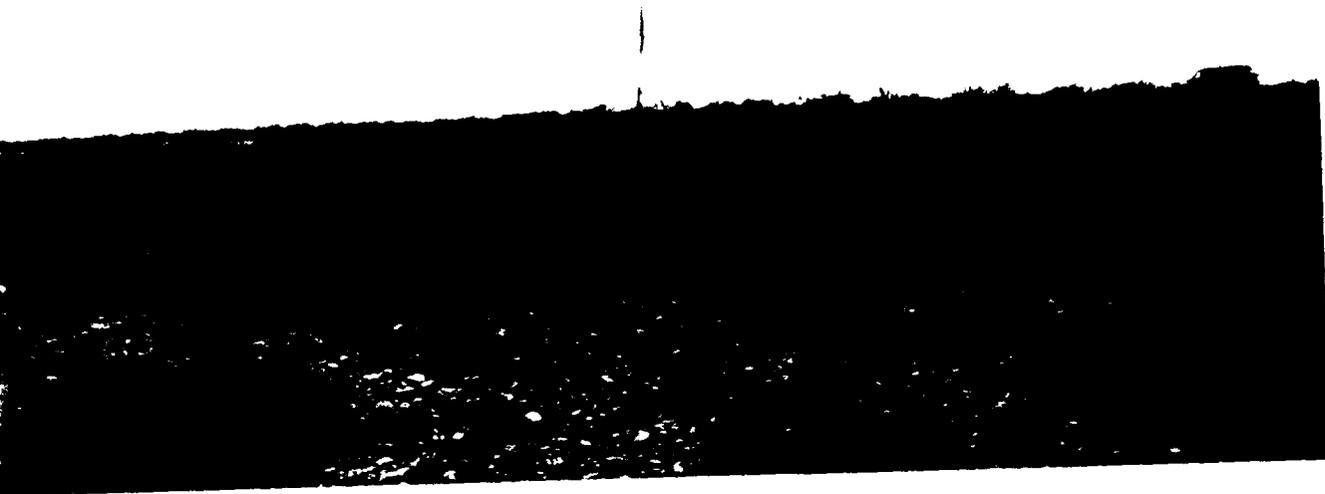
19.10.27



looking NW from original
location

looking SSW from
original location

1870



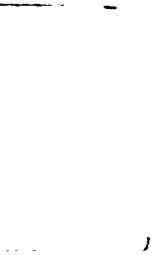
looking N to current
location from original
location

Dry Creek bed
on east side of
original location

20-12 - 100000 - 100000



current location
looking N





looking NW from
original location

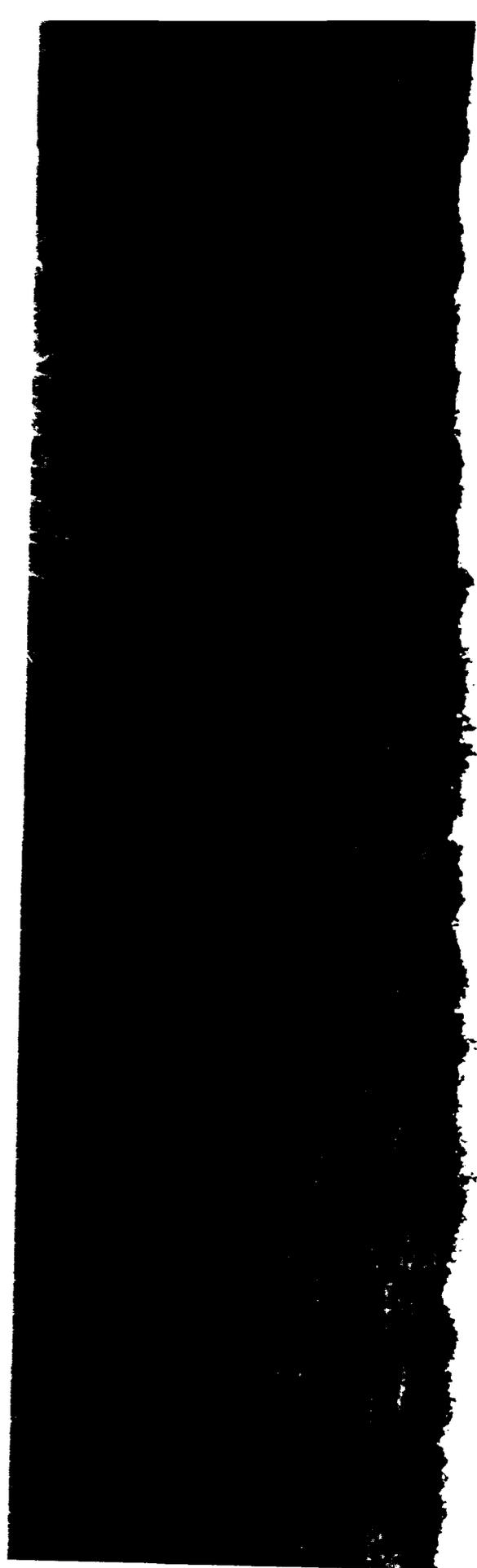
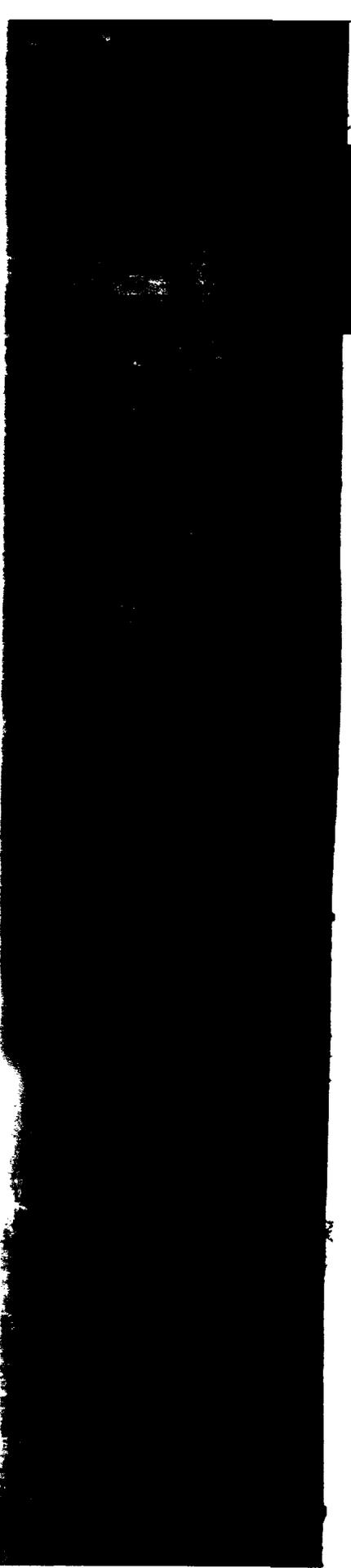
original location
660' FNZ & 990' FEL



looking N from original
location to current
location

looking NE from
original location

looking NE from original location



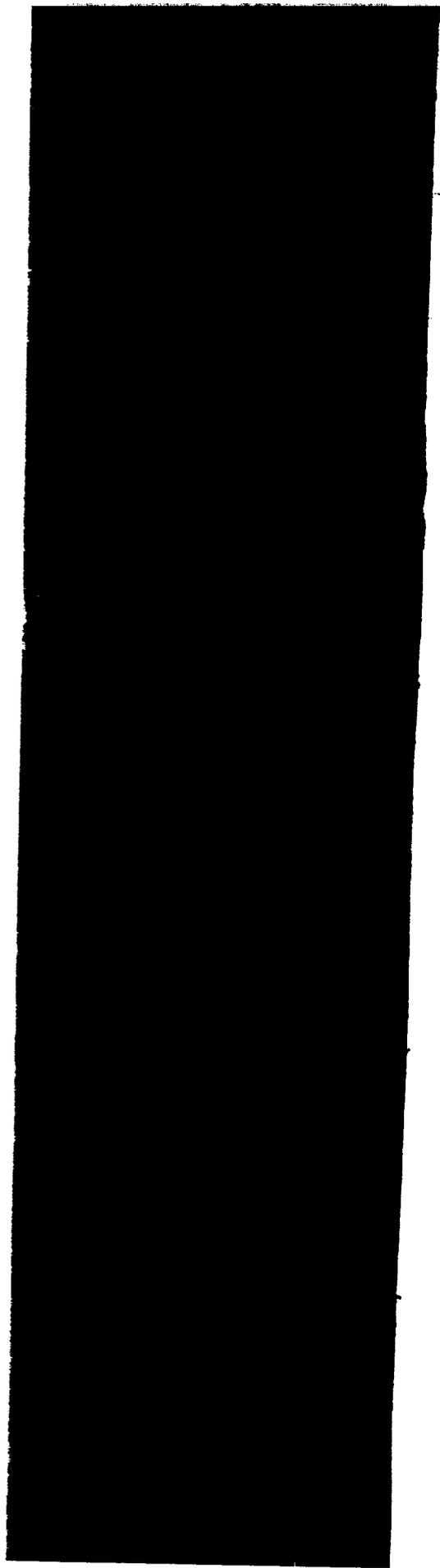
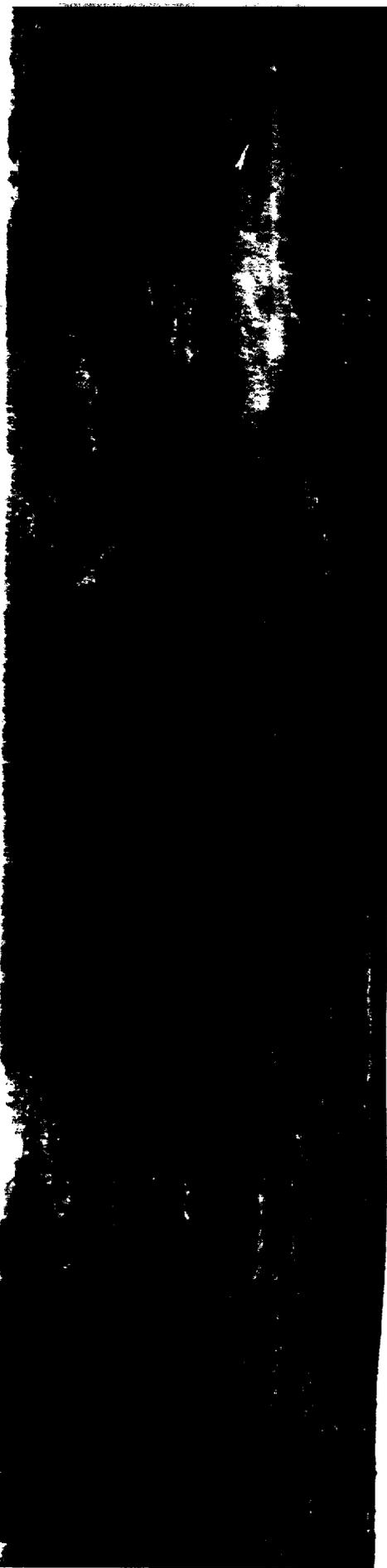
looking SSW from
original location

looking SW from
original location



looking WSW from
original location

looking SE from
original location



looking SW from
original location

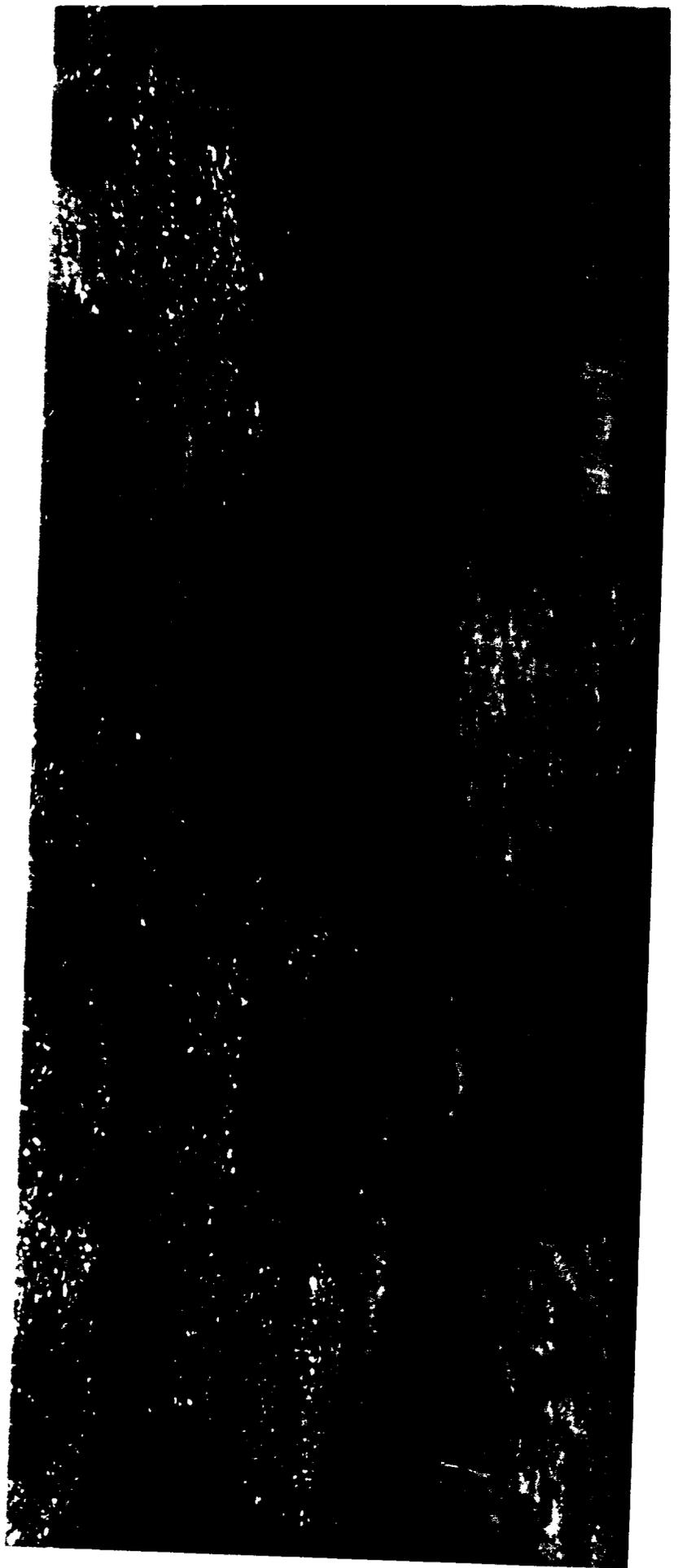
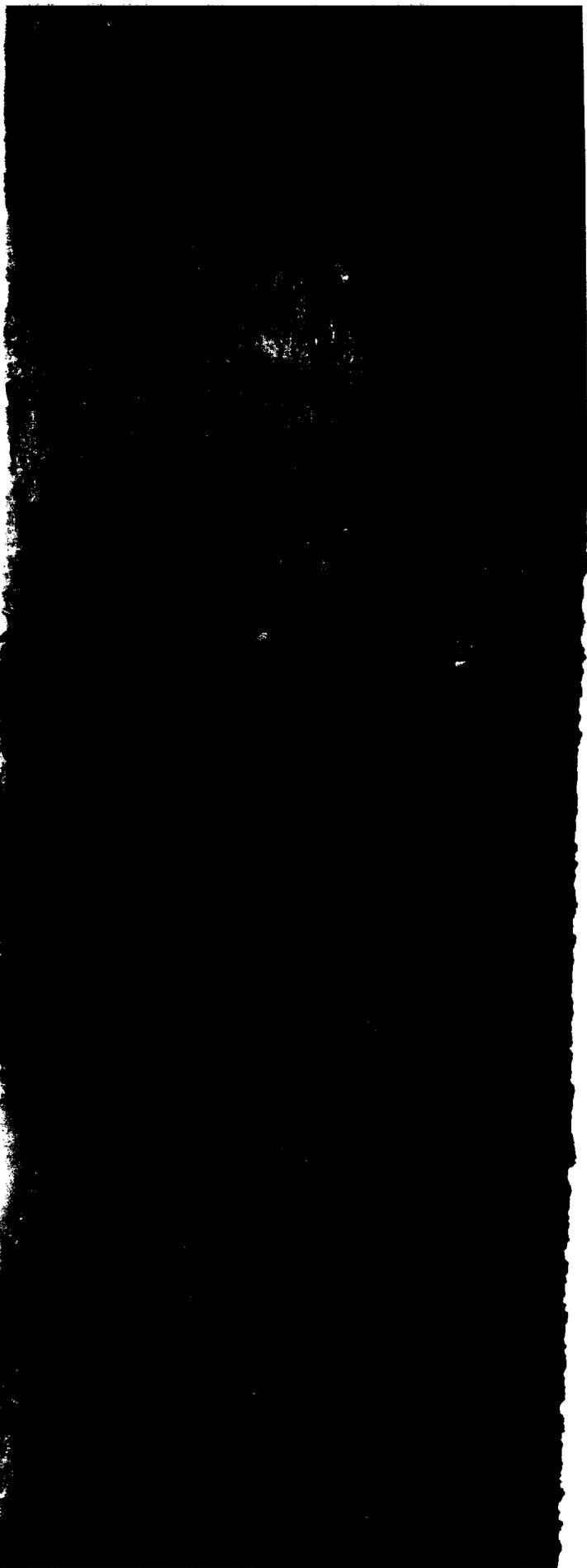
looking NW from
original location

looking SW from
original location



Looking NNE from
original location

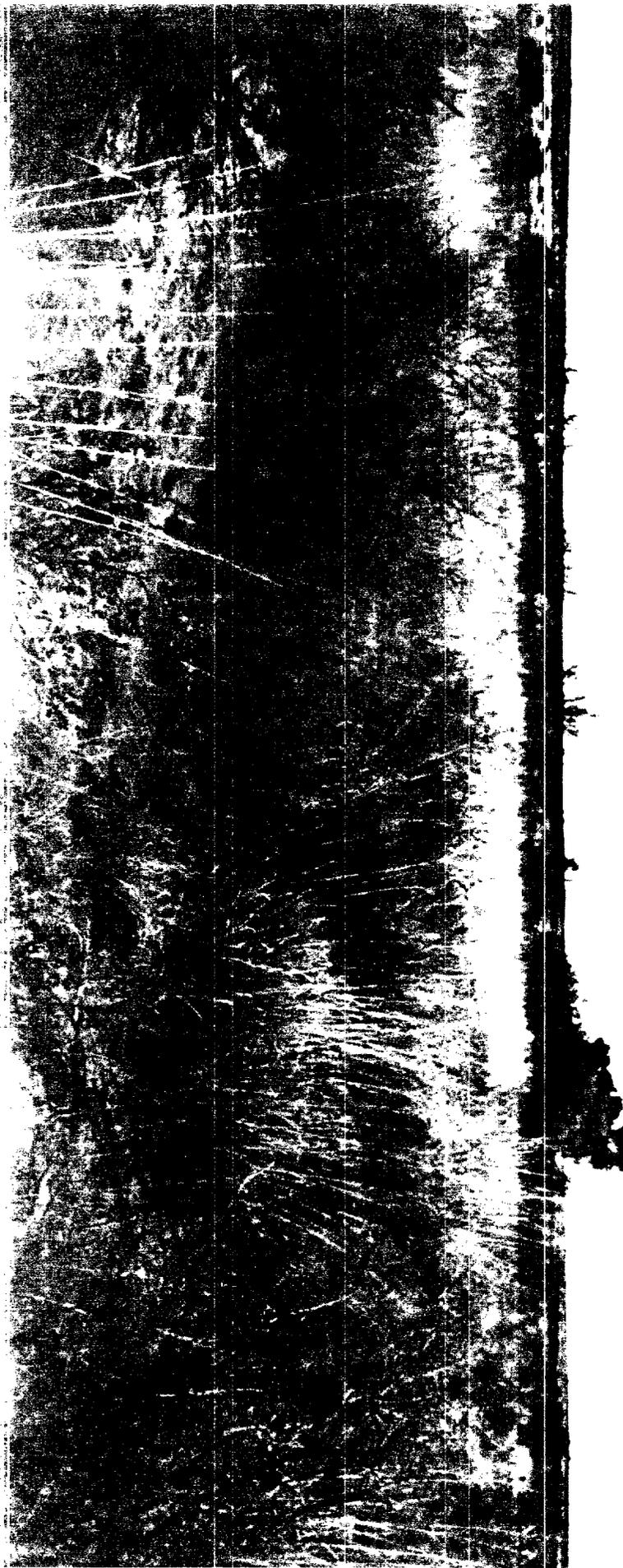
Looking NW from
original location



Looking SW from
original location

Looking SSW from
original location

401 6537



looking w sum
original ' term
65' ENL 670' FEL