

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF NEARBURG PRODUCING COMPANY
FOR A DIRECTIONAL WELLBORE
EDDY COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now Nearburg Producing Company ("Nearburg"), by and through its attorneys, Kellahin & Kellahin, and in accordance with Division Rule 111 applies to the District Supervisor-Hobbs of the New Mexico Oil Conservation Division for approval for a Directional Wellbore for its Viper "3" Federal Well No. 1 and in support states:

(1) Nearburg is the proposed operator for the N/2 of Section 3, T20S, R33E, NMPM, Lea County, New Mexico.

(2) Nearburg has conducted a geologic investigation and has concluded that the optimum location for a well in the N/2 of Section 3 would be at a surface location approximately 1650 feet from the North line and 1650 feet from the East line of this section. However, that location is unavailable because of topographical, surface use and potash limitations. Accordingly, Nearburg proposes to locate the well at a surface location 1600 feet from the East line and 2200 feet from the South line of Section 3 and to drill this wellbore directionally to a standard subsurface location at the top of the Morrow formation approximately 1650 feet from the North line and 1650 feet from the East line of Section 3.

(3) Therefore, Nearburg requests approval to drill this well directionally to a standard subsurface location within a Producing Area and Producing Interval at the top of the Morrow formation not closer than 660 feet from the south nor closer than 1650 feet to the east boundaries of a spacing unit consisting of the N/2 of said Section 3 for any gas production below the top of the Wolfcamp formation.