



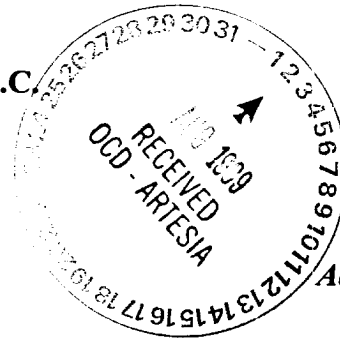
**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

July 29, 1999

Nearburg Exploration Company, L.L.C.  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151



*Administrative Order NSL-4337*

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated July 9, 1999, on behalf of the operator, Nearburg Producing Company ("Nearburg"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Nearburg's request for a non-standard Morrow gas well location for the existing Dagger Draw "31" Federal Com. Well No. 6 (API No. 30-015-28072), located 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Our records indicate that this well was initially drilled in 1994 by Nearburg to a total depth of 8,062 feet and completed as an infill oil well within the North Dagger Draw-Upper Pennsylvanian Pool. It is our understanding that Nearburg intends to abandon the North Dagger Draw-Upper Pennsylvanian interval by plugging off its current perforations and deepen the wellbore down to an approximate depth of 9,500 feet in order to test the Undesignated Cemetery-Morrow Gas Pool within a standard 322.60-acre gas spacing and proration unit comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 31.

This application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location in the Morrow formation is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad