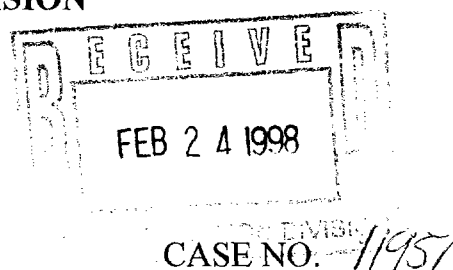


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION
OF NEARBURG EXPLORATION COMPANY, L.L.C.
FOR AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.



APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving an unorthodox well location, and in support of this application states:

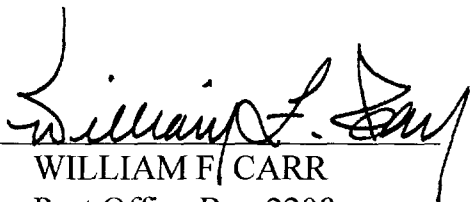
1. Applicant is the operator of the N/2 of Section 22, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and proposes to drill a well to the Morrow formation, Undesignated South Carlsbad-Morrow Gas Pool, at an unorthodox gas well location 990 feet from the North line and 1650 feet from the West line of said Section 22.
2. Applicant seeks an exception to Rule 2 of the Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool to permit the drilling of this well at this unorthodox gas well location.
3. A standard 320-acre spacing and proration unit comprised of the N/2 of said Section 22 should be dedicated to the well.
4. Approval of this application will afford Nearburg the opportunity to produce its just and equitable share of the reserves under the subject spacing and proration unit and will otherwise be in the best interest of conservation, the prevention of waste and the

protection of correlative rights.

WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 19, 1998, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting this application.

Respectfully submitted,

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

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR NEARBURG
EXPLORATION COMPANY, L.L.C.