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April 7, 1998

HAND-DELIVERED

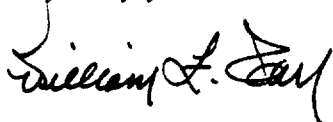
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of Nearburg Exploration Company, L.L.C. for an Unorthodox
Well Location, Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Nearburg Exploration Company, L.L.C., please find enclosed our Application for an unorthodox gas well location which we request be set for hearing on the next available Examiner docket now scheduled for April 30, 1998. Also enclosed is our proposed legal advertisement.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosure

cc: Mr. Bob Shelton (w/enclosures)

**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,
LEA COUNTY, NEW MEXICO.

CASE NO. 443

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 gas well location, and in support of this application states:

1. Applicant is the operator of the S/2 of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and proposes to drill its Jade "34" Federal Com. Well No. 1 to the Morrow formation, Undesignated Gem-Morrow East Gas Pool, at an unorthodox gas well location 1650 feet from the South line and 1150 feet from the East line of said Section 34.

2. This Bureau of Land Management will not permit this well to be drilled at a standard location due to its proximity to potash reserves but has approved the requested unorthodox location. Nearburg therefore seeks an exception to Oil Conservation Division General Rule 104 C (2) (b) to permit the drilling of this well at this unorthodox gas well location.

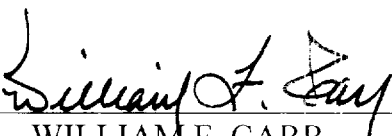
3. A standard 320-acre spacing and proration unit comprised of the S/2 of said Section 34 will be dedicated to the well.

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 April 30, 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.

CASE 1197: Application of Nearburg Exploration Company, L.L.C., for an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks authorization to drill a well to the Morrow formation, Undesignated Gem-Morrow East Gas Pool, at an unorthodox well location 1650 feet from the South line and 1150 feet from the East line of Section 34, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. The S/2 of said Section 34 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 5 miles northeast of Halfway, New Mexico.