

OIL CONSERVATION DIV.
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Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
May 20, 1999
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Attached hereto as Exhibit 1 is a plat, as required by Rule 104.F (3), showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

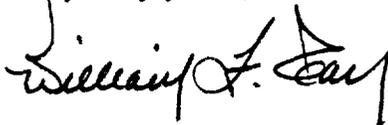
This unorthodox location is required by geological conditions in the Morrow formation. Attached hereto as Exhibits 2 through 4 are a Geological Discussion, Morrow Structure Map and Isopach of the Morrow "C" Sands in the subject area. These exhibits demonstrate that moving to the proposed unorthodox location will enable Nearburg to gain strategic structural advantage over a well drilled at a standard location.

Exhibit 5 lists parties affected by this application. A copy of this application, including a copy of the plat described above has been sent to the affected parties by certified mail-return receipt requested in accordance with Rule 1207 (a)(5) advising them that if they have an objection to this application it must be filed in writing within twenty days from the date this notice was sent.

Also enclosed is a proposed order approving this application.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR
Attorney for Nearburg Exploration Company, L.L.C.

Enclosures

cc: Mr. Michael M. Gray
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