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JASON KELLAHIN (RETIRED 1991)

September 24, 2001

Via Facsimile

Mr. Michael E. Stogner, Hearing Examiner  
David Brooks, Esq., Division Attorney  
Oil Conservation Division  
1220 S. Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: **NMOCD CASE 12622**

*Nearburg Exploration Company, L.L.C.*

*Application for Approval of Two Non-Standard 160-acre  
Gas Proration and Spacing Units*

*NE/4 and SE/4, Section 34, T21S, R34E, NMPM,*

*East Grama Ridge-Morrow Gas Pool, Lea County, New Mexico*

Gentlemen:

I represent Redrock Operating Ltd. Co. ("Redrock") in this matter. On June 28, 2001, at the Examiner's hearing of the referenced case, Mr. Stogner ordered Nearburg Exploration Company, L.L.C. ("Nearburg") to immediately shut-in its Grama Ridge "34" State Well No. 1 located in Unit H of Section 34, T21S, R34E. This well is capable of commercial production from the Morrow formation of the Grama Ridge Morrow Gas Pool. The parties are awaiting an order of the Division in this case.

The purpose of my letter is to clarify the "shut-in" order while we are waiting the entry of the order. I would like to know the Division's position should Nearburg abandon the commercial production in the Morrow and attempt to recomplete the well for production from the Bone Springs or another shallower gas formation spaced on 160 acres.

Very truly yours,



W. Thomas Kellahin

cfx: Chris Williams, Supervisor (OCD-Hobbs)  
William F. Carr, Esq.  
Attorney for Nearburg Exploration Company, L.L.C.  
Redrock Operating Ltd. Co.  
Attn: Mark L. Stanger  
Tim Cashon