



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 10, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Nearburg Exploration Company, L.L.C.
c/o **Holland & Hart LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: **William F. Carr**

Administrative Order NSP-1872

Dear Mr. Carr:

Reference is made to the following: (i) your application dated April 16, 2004 (*administrative application reference No. pMES0-412139757*) on behalf of the operator, Nearburg Exploration Company, L.L.C. ("Nearburg"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Nearburg's request for the formation of the following described non-standard 160-acre deep gas spacing unit to be applicable to any and all formations and/or pools from the top of the Wolfcamp to the base of the Morrow formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed under the provisions of Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which presently includes but is not necessarily limited to the Undesignated McKittrick Hills-Upper Pennsylvanian Gas Pool (81160), Undesignated McKittrick Hills-Strawn Gas Pool (81200), Undesignated McKittrick Hills-Atoka Gas Pool (81120), and Undesignated McIver Ranch-Morrow Gas Pool (81070):

EDDY COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM
Section 13: SE/4.

This unit is to be dedicated to Nearburg's proposed U. S. Federal "13" Well No. 2, to be drilled at a standard gas well location thereon and pursuant to Division Rule 104.C (2) (a), as revised.

This application has been duly filed under the provisions of Division Rule 104.D (2), as revised.

By the authority granted me under the provisions of Division Rule 104.D (2) (b), as revised, the above-described 160-acre non-standard deep gas spacing unit for any and all formations from the top of the Wolfcamp formation to the base of the Morrow formation for Nearburg's proposed U. S. Federal "13" Well No. 2.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right from the end of the signature.

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management, Carlsbad Resource Area – Carlsbad
U. S. Bureau of Land Management, New Mexico State Office – Santa Fe