



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 1, 2010

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6206

**Re: Nearburg Producing Company
KL 33 Fed Com Well No. 1
API No. 30-015
2460 feet FSL and 810 feet FWL
Unit L, Section 33-18S-27E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-15250628**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Nearburg Producing Company [OGRID 15742] (Nearburg), on June 1, 2010, and

(b) the Division's records pertinent to this request.

Nearburg has requested to drill the above-referenced well at an unorthodox gas well location, described above in the caption of this letter. The W/2 of Section 33 will be dedicated to this well in order to form a standard 320-acre, more or less, gas spacing unit in the undesignated East Red Lake Upper Pennsylvanian Gas Pool (96645). This pool is governed by statewide Rule 15.10.B, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary or quarter section line. This location is less than 660 feet from the northern boundary of the SW/4 of Section 33.

Your application on behalf of Nearburg has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Nearburg is seeking this location for topographic reasons.



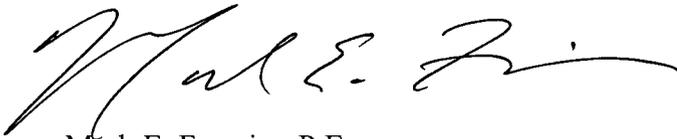
It is also understood that notice of this application to offsetting operators or owners is unnecessary because the proposed location does not encroach toward any adjoining spacing unit.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9

Jurisdiction of this case 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 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management