



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 28, 2011

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

Administrative Order NSL-6406

**Re: Nearburg Producing Company
Rocking 12 Well No. 1
API No. 30-025-40158
720 feet FNL & 1335 feet FEL
Unit B, Section 12-12S-32E
Lea County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-16244514**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 11, 2011, and

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

Nearburg Producing Company (Nearburg) [OGRID 15742] has requested to drill the above-referenced well at an unorthodox oil well location; described above in the caption of this letter. The N/2 NE/4 of Section 12 will be dedicated to this well in order to form a standard 80-acre oil spacing and proration unit in the undesignated North Bagley Permo Pennsylvanian Pool (3820). Spacing in this pool is governed by the Special Rules and Regulations for the North Bagley Lower Pennsylvanian Pool, adopted by Order No. R-3249 on June 5, 1967, and made applicable to the consolidated North Bagley Pennsylvanian Pool by Order No. R-3988 on July 15, 1970, which provide for 80-acre units with wells to be located within 150 feet of the center of a quarter/quarter section. This location is more than 150 feet from the center of Unit B.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for geologic reasons, in order to place the well at what is believed to be an optimal structural location in the target formation.


It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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 [19.15.5.9 NMAC].

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 "Jami Bailey", is written over a horizontal line.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Hobbs



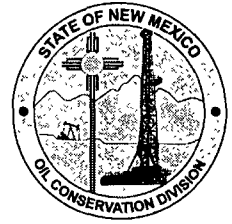
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