



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



April 12, 2011

Mr. J. Scott Hall
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe, NM 87504

Administrative Order NSL-6364

**Re: Nearburg Producing Company
Honey 13 Well No. 1
API No. 30-025-40083
280 feet FNL & 2450 feet FEL
Unit B, Section 13-17S-37E
Lea County, New Mexico**

Dear Mr. Hall:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-07550795**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Nearburg Producing Company (Nearburg) [OGRID 15742], on March 16, 2011, and

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

Nearburg has requested to drill the above-referenced well as a directional oil well to the Strawn formation, at a location that will be unorthodox under Division Rule 16.14.B [19.16.14.B NMAC]. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 280 feet from the North line and 2450 feet from the East line
(Unit B) of Section 13, Township 17 South, Range 37 East NMPM,
Lea County, New Mexico

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



Bottom Hole: 723 feet from the North line and 2149 feet from the East line
(Unit B) of said section

The W/2 NE/4 of Section 13 will be dedicated to the proposed well to form a standard, 80-acre oil spacing and proration unit in the South Humble City Strawn Pool (33500). Spacing in this pool is governed by the Special Rules and Regulations for the Humble City Strawn Pool, as finally adopted by Order No. R-4338-B, issued on October 22, 1974, which provide for 80-acre units comprising two contiguous quarter-quarter sections within the same quarter section, with wells to be located no more than 150 feet from the center of a quarter-quarter section.

This location is unorthodox because a portion of the producing interval will be outside the producing area.

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 at the surface for topographic reasons, and at the bottom hole for geologic reasons. It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A(2) NMAC], in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.13.B NMAC], 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,



Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Hobbs