



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 26, 1997

Nearburg Producing Company
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-3768

Dear Mr. Kellahin:

Reference is made to your application dated February 18, 1997 on behalf of the operator, Nearburg Producing Company, for approval to drill the Sandy Crossing "32" State Com Well No. 1 at an unorthodox gas well location to test the Morrow formation 1980 feet from the South line and 990 feet from the East line (Unit I) of Section 32, Township 17 South, Range 27 East, NMPM, Undesignated Logan Draw-Morrow Gas Pool, Undesignated West Logan Draw-Morrow Gas Pool, or Undesignated Scoggin Draw-Morrow Gas Pool, Eddy County, New Mexico. The S/2 of said Section 32 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/rv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe