



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 25, 1999

Nearburg Exploration Company, L.L.C.
c/o Campbell, Carr, Berge & Sheridan
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4318

Dear Mr. Carr:

Reference is made to the following: (i) your application dated June 3, 1999 on behalf of the operator, Nearburg Exploration Company, L.L.C. ("Nearburg"); (ii) Mr. Paul R. Owen's letter dated June 25, 1999 with supplemental data attached; and (iii) the Division's records, including the file in Case No. 12212: all concerning Nearburg's request to drill its proposed Diamondback "25" Federal Well No. 1 at an unorthodox Morrow gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 25, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

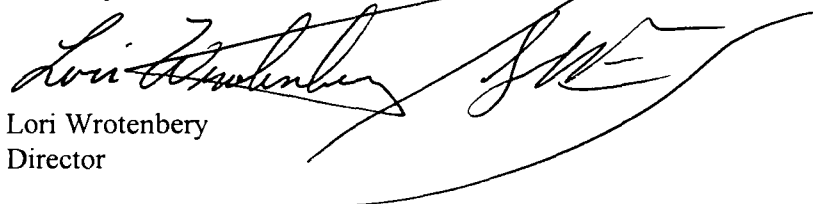
The E/2 of Section 25, being a standard 320-acre stand-up gas spacing and proration unit for either the Undesignated East Lusk-Morrow Gas Pool or the Undesignated Gem-Morrow Gas Pool, is to be dedicated to this well.

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 within the SE/4 of Section 25.

The application has been duly filed under the provisions of New Mexico Oil Conservation Division ("Division") Rule 104.F.

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

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: Case No. 12212