



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 16, 2009

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

Administrative Order NSL-4017-A

Re: Jade 34 Federal Com. Well No. 1
API No. 30-025-34390
1980 feet FSL and 1150 feet FEL
Unit I, Section 34-19S-33E
Lea County, New Mexico

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-31654596**) 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 November 12, 2009, and

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

Nearburg has requested to drill the above-referenced well at an unorthodox oil well location described above in the caption of this letter. The NE/4 SE/4 of Section 34 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the undesignated Teas Bone Spring Pool (58960) and in the undesignated Tonto Wolfcamp Pool (59500) or Southwest Airstrip Wolfcamp Pool (97339). All of these pools are governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the western unit boundary.

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 you are seeking this location in order to utilize an existing wellbore that was originally drilled to a different formation.



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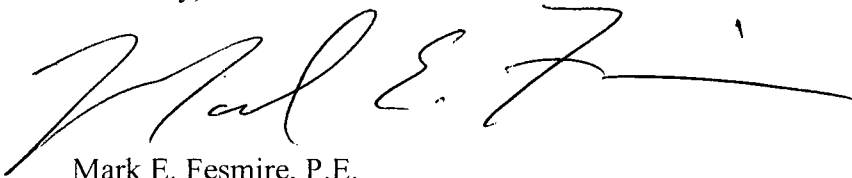
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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.

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', with a long horizontal stroke extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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