



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 21, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Nearburg Exploration Company, L.L.C.
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-4984

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Nearburg Exploration Company, L.L.C.'s ("Nearburg"), dated January 14, 2004 (*administrative application reference No. pLR0-401448329*); (ii) the Division's initial response by e-mail on January 15, 2004 from Mr. Michael E. Stogner, Engineer/Hearing Officer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, requesting additional information for this application; (iii) your two e-mail replies of Thursday, January 15 and Wednesday, January 21, 2004; (iv) Mr. Stogner's e-mail to you and Mr. Chris Williams, Supervisor of the Division's district office in Hobbs on January 21, 2004; and (v) the Division's records in Santa Fe, including the file in Division Case No. 11535: all concerning Nearburg's request for an unorthodox Delaware oil well location for its existing Minus "1" Federal Com. Well No. 3 (API No. 30-025-33506), located 4300 feet from the South line and 1310 feet from the West line (Lot 12/Unit L) of Irregular Section 1, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico. Lot "L" of Irregular Section 1, being a standard 40-acre oil spacing and proration unit for the Undesignated Southeast Hat Mesa-Delaware Pool (97210), is to be dedicated to this well.

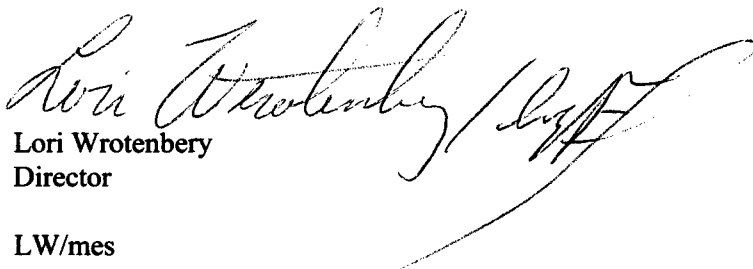
This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Delaware oil well location for Nearburg's Minus "1" Federal Com. Well No. 3 is hereby approved.

IT SHALL BE NOTED THAT this well was the subject of Division Order No. R-10607, issued in Case No. 11535 on June 4, 1996, in which Nearburg was authorized to drill its Minus "1" Federal Com. Well No. 3 at an unorthodox Morrow gas well location 3300 feet from the South line and 1310 feet from the West line (Lot 13/Unit M) of Irregular Section 1 within a standard 317.66-acre stand-up gas spacing unit in the Hat Mesa-Morrow Gas Pool (78240) comprising Lots 3, 4, 5, 6, 11, 12, 13, and 14 of Irregular Section 1. Evidently Nearburg discarded this location and the well was subsequently drilled in 1997 at its current location. Under the rules governing deep gas wells in southeast New Mexico at that time [see Rule 104.C (2) (a), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case No. 11,351 on January 18, 1996] this location was considered to be unorthodox for this 317.66-acre deep gas spacing unit; however, under the current statewide rules governing the Hat Mesa-Morrow Gas Pool, see Division Rule 104.C (2) (a), as revised in 1999, this location is considered to be standard. **THEREFORE**, Division Order No. R-10607 is hereby placed in abeyance until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: Case No. 11535