



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 15, 2011 |

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

Administrative Order NSL-6367

**Re: Nearburg Producing Company
Howenstine 12 Well No. 1
API No. 30-025-40077
500 feet FNL & 1594 feet FEL
Unit B, Section 12-17S-37E
Lea County, New Mexico**

Dear Mr. Hall:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-07540673**) 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 14, 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 and terminus of the well are as follows:

Surface Location: 500 feet from the North line and 1594 feet from the East line
(Unit B) of Section 12, 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: 330 feet from the North line and 1570 feet from the East line
(Unit B) of said section

The N/2 NE/4 of Section 12 will be dedicated to the proposed well to form a standard, 80-acre oil spacing and proration unit in the Shipp Strawn Pool (55695). Spacing in this pool is governed by the Special Rules and Regulations for the Shipp Strawn Pool, as adopted by Order No. R-8062-A, issued on January 21, 1986, 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 the bottom hole location of this directional well will be more than 150 feet from the center of the quarter-quarter section.

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,

A handwritten signature in black ink, appearing to read 'Jami Bailey', written in a cursive style.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division - Hobbs