



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 18, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Nearburg Exploration Company, L.L.C.
c/o William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Administrative Order NSL-4541(BHL)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Nearburg Exploration Company, L.L.C. ("Nearburg") dated December 21, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Nearburg's request for a non-standard subsurface oil producing area/bottomhole oil well location, as defined by Rule 4 of the *"Special Rules and Regulations for the South Humble City-Strawn Pool,"* as promulgated by Division Order No. R-6913, as amended by Division Orders No. R-6913-A, R7211, and R-7211-A, and Division Rule 111.A (7), within a project area [see Division Rule 111.A (9)] comprising the W/2 NE/4 of Section 13, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, being a standard 80-acre oil spacing and proration unit for the South Humble City-Strawn Pool.

This application has been duly filed under the provisions of: (i) 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; (ii) Division Rule 111.C (2); and (iii) the applicable provisions governing the special South Humble City-Strawn Pool rules.

It is our understanding that Nearburg intends to drill its proposed Weststar "13" Well No. 1 from a surface location 330 feet from the North line and 2350 feet from the East line (Unit B) of Section 13, kick-off in a south-southeasterly direction, and directionally drill into the Strawn formation at a targeted unorthodox bottomhole location that is approximately 510 feet from the North line and 2250 feet from the East line (Unit B) of Section 13.

The geologic interpretation submitted therein indicates that a well directionally drilled to the proposed unorthodox bottomhole oil well location will serve to intersect the top of a small algal reef mound in the Strawn formation underlying the proposed 80-acre unit.

By the authority granted me under the provisions of Division Rule 104.F (2), Nearburg is hereby authorized to directionally drill its proposed Weststar "13" Well No. 1 as close as is reasonably possible to a targeted subsurface location within the Strawn formation considered to be unorthodox 510 feet from the North line and 2250 feet from the East line (Unit B) of Section 13.

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The operator shall comply with all provisions of Division Rule 111 applicable in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" followed by a stylized flourish or initials.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs