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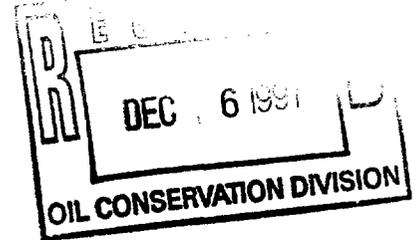
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 16, 1997

HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: Dorami "33" Federal Com Well No. 1
800 feet FWL and 1800 feet FSL
S/2 Section 33, T19S, R25E, NMPM
Application of Nearburg Producing Company
for an Unorthodox Gas Well Location,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Nearburg Producing Company, please find enclosed our application for an unorthodox gas well location which we request be set for hearing on the next available Examiner's docket now scheduled for January 8, 1998. Also enclosed is our proposed notice for the advertisement.

Very truly yours,

W. Thomas Kellahin

cc: Nearburg Producing Company
Attn: Michael M. Gray

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION
OF NEARBURG PRODUCING COMPANY
FOR AN UNORTHODOX GAS WELL,
EDDY COUNTY, NEW MEXICO

CASE: 11903

APPLICATION

Comes now NEARBURG PRODUCING COMPANY ("Nearburg") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for an unorthodox gas well location in order to produce its Dorami "33" Federal Com Well No. 1 which was drilled to the Morrow formation at a point 800 feet from the west line and 1800 feet from the south line (Unit L) of Section 33, Township 19 South, Range 25 East, NMPM, said location being unorthodox for gas production from the Cemetery-Morrow Gas Pool to be dedicated to a 320-acre gas spacing unit consisting of the S/2 of said Section 33.

In support thereof, Applicant states:

1. Applicant, Nearburg, is the operator of the Dorami "33" Federal Com Well No. 1 which was approved by the Division and drilled to test the Cisco Canyon formation at a location 800 feet from the west line and 1800 south line (Unit L) of Section 33, T19S, R25E, Eddy County, New Mexico.

2. Upon reaching the Cisco Canyon formation, it was determined that the well would not make a commercial well in the Cisco Canyon formation and Nearburg received permission from the Division to continue to drill the well and deepened it to the Morrow formation.

3. The well is capable of producing gas from the Cemetery-Morrow Gas Pool and has been shut-in awaiting the Division's decision on this application.

NMOCD Application
Nearburg Producing Company
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4. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

5. Notification of this application has been sent to all adjoining and offsetting operators as set forth on Exhibit "A" attached.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 
W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

EXHIBIT "A"

UMC Petroleum Corporation
1201 Louisiana, Ste 1400
Houston, Texas 77002

Yates Petroleum Corporation
110 South Fourth Street
Artesia, New Mexico 88210-1001

Proposed notification/advertisement for OCD docket

Case 11903 Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to produce its Dorami "33" Federal Com Well No. 1 which was drilled to the Morrow formation at a point 800 feet from the west line and 1800 feet from the south line (Unit L) of Section 33, Township 19 South, Range 25 East, NMPM, said location being unorthodox for any and all gas production from the Cemetery-Morrow Gas Pool to be dedicated to a 320-acre gas spacing unit consisting of the S/2 of said Section 32. Said location is located approximately 4-1/2 miles northwest from Seven Rivers, New Mexico.