



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 23, 1998

Nearburg Exploration Company, L.L.C.
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Administrative Order NSL-4017

Dear Mr. Carr:

Reference is made to the following: (i) your original application on behalf of the operator, Nearburg Exploration Company, L.L.C. ("Nearburg"), dated April 16, 1998; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated April 20, 1998 requesting that the notification requirements for an unorthodox gas well location be adhered to; (iii) your amended application dated April 21, 1998; (iv) your response dated April 23, 1998 to Mr. Stogner's request of April 20, 1998; and, (vi) the records of the Division in Santa Fe: all concerning Nearburg's request for an unorthodox Morrow gas well location for its proposed Jade "34" Federal Com. Well No. 1 to be drilled 1980 feet from the South line and 1150 feet from the East line (Unit I) of Section 34, Township 19 South, Range 33 East, NMPM, Undesignated East Gem-Morrow Gas Pool, Lea County, New Mexico. The S/2 of said Section 34 being a standard 320-acre gas spacing and proration unit for said pool is to be dedicated to Nearburg's proposed Jade "34" Federal Com. Well No. 1.

It is our understanding that Nearburg's proposed Jade "34" Federal Com. Well No. 1 is within the Oil/Potash "R-111-P" area, and is therefore subject to all applicable restrictions and rules therein. Further, it is our understanding that the federal surface management agency (U. S. Bureau of Land Management) refused to approve a standard gas well location within the proposed 320-acre unit proposed by Nearburg but would approve the subject location.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad