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May 20, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

OIL CONSERVATION DIV.
99 MAY 20 PM 2:43

Case 12211

Re: ***Application of Nearburg Exploration Company, L.L.C. for Administrative Approval of an Unorthodox Well Location for its Sagebrush "24" Federal Com. #1 Well, to be located 660 feet from the North line and 990 feet from the East Line of Section 24, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico***

Dear Ms. Wrotenbery:

Nearburg Exploration Company, L.L.C. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Sagebrush "24" Federal Com. #1 Well to be drilled as a wildcat well to the Morrow formation at an unorthodox well location 660 feet from North line and 990 feet from the East line of Section 24, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico. The E/2 of Section 24 will be dedicated to the well.

The well will be drilled to an approximate depth of 13,600 feet to test the Morrow formation. This location in the Morrow formation is unorthodox because it is governed by the Division Rule 104.B. (1)(a) which provides for wells at this depth on 320-spacing units to be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.