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**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES
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April 16, 2001

Holland & Hart LLP
Campbell & Carr, Attorneys at Law
110 North Guadalupe
Santa Fe, New Mexico 87504-2208

Case 12647

Attn: William F. Carr

Re: Non-Standard Location Proposal - Shipp Stawn Pool
Midway 8 Well No. 1
1650' FNL & 990' FWL
Unit E, Section 8, Township 17 South, Range 37 East
Lea County, New Mexico

Dear Mr. Carr:

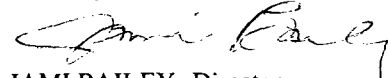
We are in receipt of your letter and application, filed with the New Mexico Oil Conservation Division on behalf of Nearburg Exploration Company, for the compulsory pooling of certain spacing units in the S2NW4 of said Section 8.

We do not object to the compulsory pooling proposal for the development of any and all formations where the proposed well is standard with respect to the formation or pool of development. However, the Commissioner of Public Lands does object to this proposal with respect to the development of the Shipp Strawn formation or any other formation where the proposed footage of the well is determined to be non-standard with respect to the target formation and where such development may detrimentally impact State Trust reserves.

Therefore, please be informed that the New Mexico State Land Office objects to this proposal as submitted.

If you care to discuss this further, please contact Jeff Albers at (505) 827-5759.

Sincerely,


JAMI BAILEY, Director
Oil, Gas & Minerals Division
(505) 827-5744

JB/ja

Xc: New Mexico Oil Conservation Division ✓
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504
Attn: Mr. Michael Stogner