



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

April 24, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Nearburg Exploration Company, L.L.C.
c/o Holland & Hart LLP and Campbell & Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Case 12661

Attention: Michael H. Feldewert

Re: Administrative application initially filed with the New Mexico Oil Conservation Division in Santa Fe on March 27, 2001 for an exception to Division Rule 104.C (2) (a) for Nearburg Exploration Company, L.L.C.'s proposed Poco Mesa "26" State Com. Well No. 1 to be drilled at an unorthodox gas well location 1980 feet from the South line and 2400 feet from the West line (Unit K) of Section 26, Township 18 South, Range 24 East, NMPM, Eddy County, New Mexico, whereby the S/2 of Section 26 is to be dedicated to the well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Undesignated Penasco Draw-Permo Penn and Penasco Draw-Morrow Gas Pools.

Dear Mr. Feldewert:

I have reviewed your initially application dated March 27, 2001 and all of the subsequent correspondence related to this matter. This application will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for May 17, 2001.

I have prepared the following advertisement in this matter:

"Application of Nearburg Exploration Company, L.L.C. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Poco Mesa "26" State Com. Well No. 1 at an unorthodox gas well location 1980 feet from the South line and 2400 feet from the West line (Unit K) of Section 26, Township 18 South, Range 24 East, located approximately 12 miles southeast of Hope, New Mexico. The S/2 of Section 26 is to be dedicated to the well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Undesignated Penasco Draw-Permo Penn and Penasco Draw-Morrow Gas Pools".

Sincerely,

Michael E. Stogner

Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
U. S. Bureau of Land Management - Carlsbad
Shirley M. Hooper-Garcia - Santa Fe
Gailen H. Hooper - Las Cruces
Bruce and Darlene Harberger - Loveland, CO