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encl
CAMPBELL & CARR

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P.O. BOX 2206
SANTA FE, NEW MEXICO 87504-2206
110 NORTH GUACALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

Michael H. Feldewert
(505) 988-4421
(505) 983-6043 Fax
mfeldewert@hollandhart.com

March 27, 2001

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

01 MAR 27 PM 3:26

OIL CONSERVATION DIV

5

Re: *Application of Nearburg Exploration Company, L.L.C. for
Administrative Approval of an Unorthodox Well Location for its
Poco Mesa "26" State Com Well No. 1, located 1980 feet from
the South line and 2400 feet from the West line of Section 26,
Township 18 South, Range 24 East, N.M.P.M., Eddy County,
New Mexico.*

Dear Ms. Wrotenbery:

Nearburg Exploration Company, L.L.C. ("Nearburg") seeks administrative approval pursuant to the provisions of Division Rule 104.F for an unorthodox well location for its Poco Mesa "26" State Com Well No. 1 to be drilled and completed in the Undesignated Penasco Draw-Morrow Gas Pool and/or the Undesignated Penasco Draw-Permo Pennsylvanian Gas Pool at an unorthodox 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, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing unit comprised of the S/2 of Section 26 is to be dedicated to this well. The Undesignated Penasco Draw-Morrow Gas Pool and the Undesignated Penasco Draw-Permo Pennsylvanian Gas Pool are governed by the Division's statewide rules that provide for gas wells to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located. See Division Rule 104.C(2). This unorthodox location is 240 feet off of the quarter section line and therefore encroaches on the SE/4 by 420 feet.

This unorthodox location is required by geologic conditions. The primary target for this well is the Morrow sands. Exhibit A is a Morrow Clastics Isochron Map and Exhibit B

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12662 Exhibit No. 5
Submitted by:
Nearburg Exploration Company, L.L.C.
Hearing Date: May 17, 2001

HOLLAND & HART ^{LLP}
ATTORNEYS AT LAW

Lori Wrotenbery
March 27, 2001
Page 2


is Cisco 3D seismic anomaly map for this well.¹ These exhibits demonstrate that the proposed location is centered on a Morrow channel "thick" and within a .034 millisecond contour. In contrast, the Mesa Petroleum Fourmile State Morrow dry hole 1600 feet southeast of the proposed location is outside the .028 millisecond contour and in a Morrow "thin" area lacking pay sands. Nearburg's proposed location is centered on the Morrow isochron "thick" where there is the greatest possibility of a productive well.

Exhibit C is a plat showing the S/2 320-acre spacing unit, the unorthodox well location, and the ownership of the 320-acre spacing unit. The ownership in the SW/4 and the W/2 SE/4 is common. A copy of this application has been sent to the New Mexico State Land Office and the affected parties in the E/2 SE/4 by certified mail, return receipt requested, advising them that if they have an objection to this application it must be filed in writing within twenty days from the date the Division receives this application.

Exhibit D is a land locator map showing the 320- acre spacing unit and adjoining spacing units and wells.

Your attention to this application is appreciated.

Very truly yours,



Michael H. Feldewert

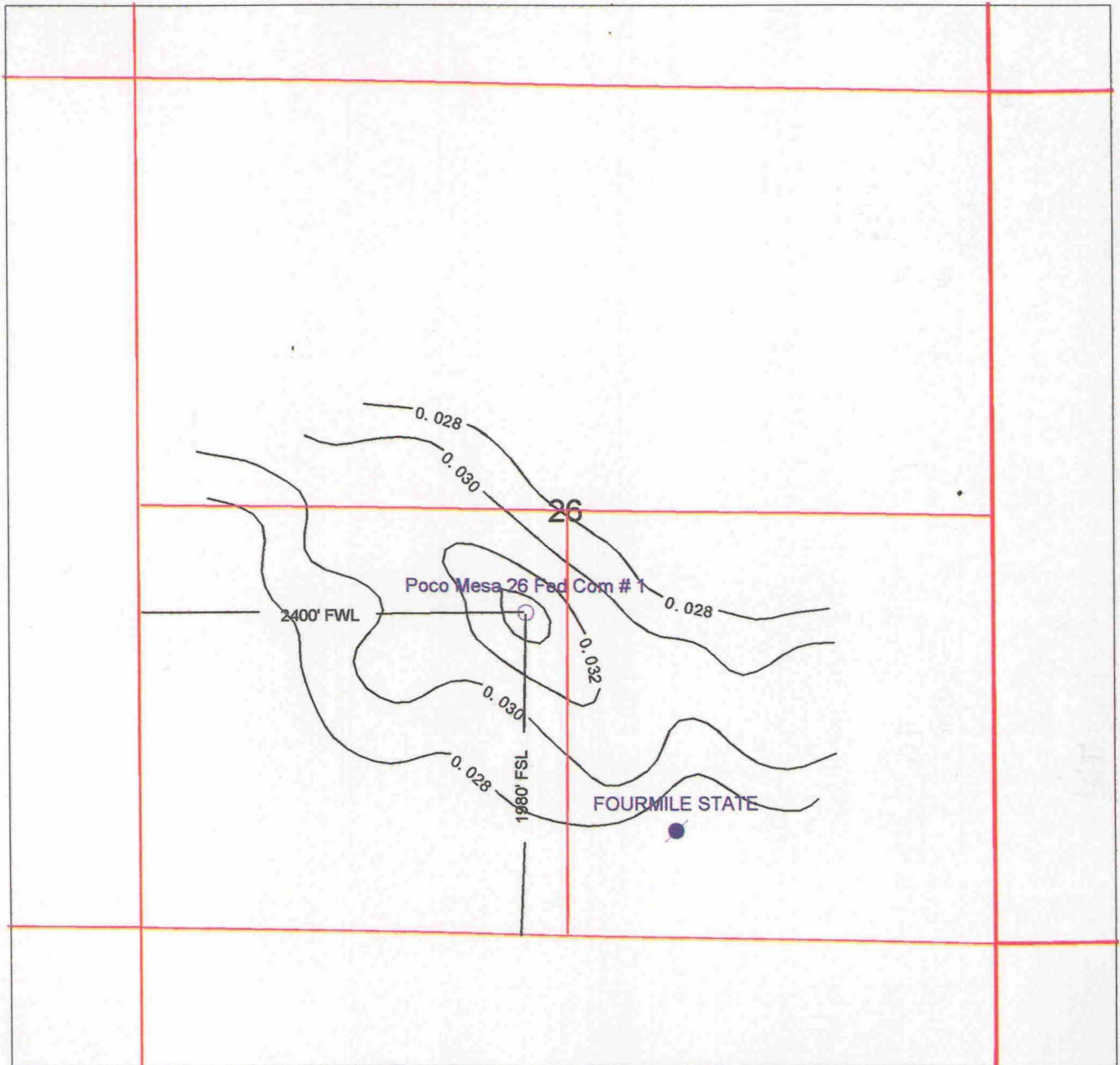
Enclosures

Cc: Mr. Robert Shelton, Nearburg Exploration Company, L.L.C.

¹ These two exhibits mistakenly refer to the proposed well as the Poco Mesa Federal Com #1.

EXHIBIT "A"

XY:



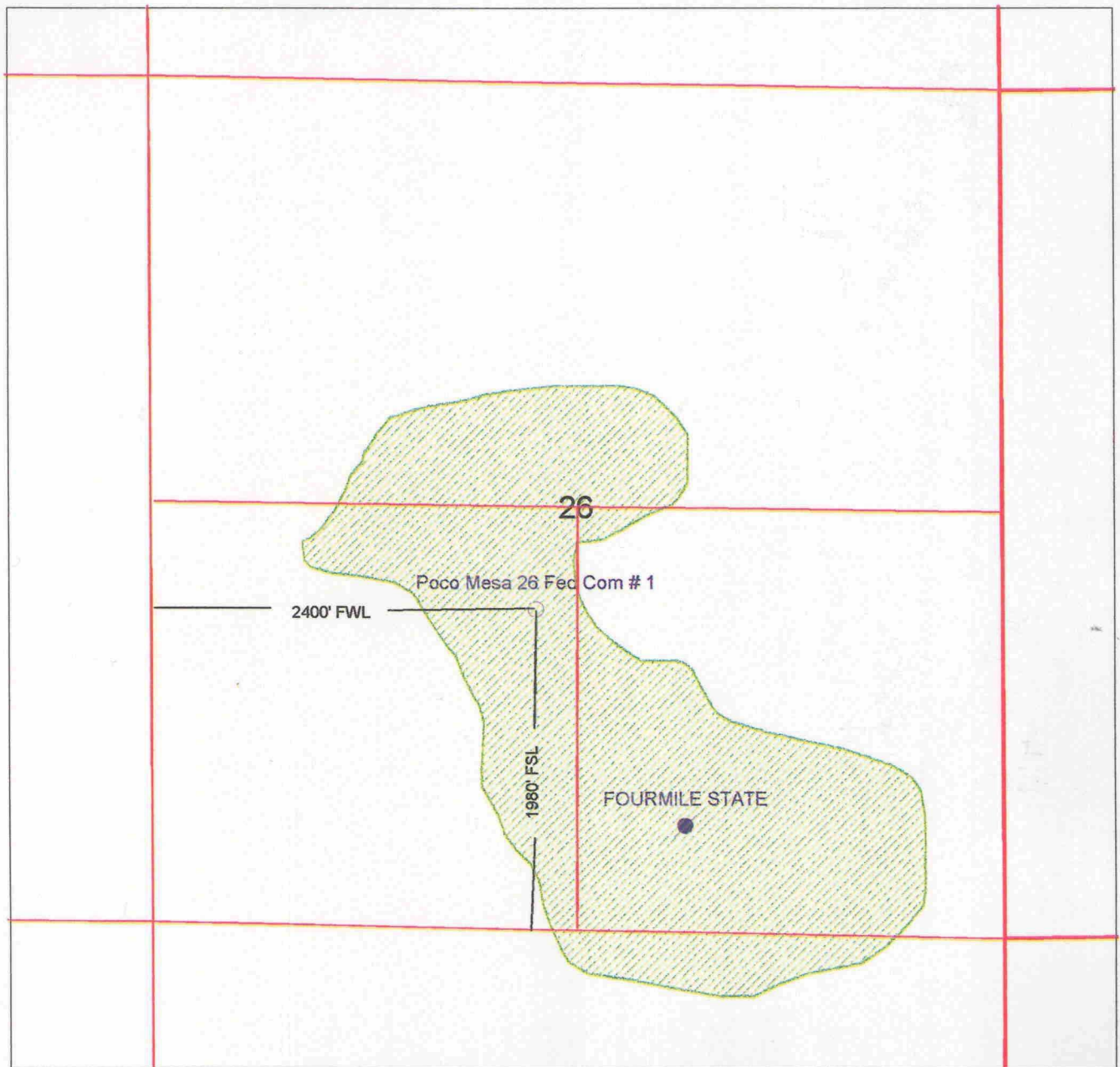
Poco Mesa 26 Federal Com # 1

Nearburg Producing Company

Morrow Clastics Isochron Map
scale 1:1000'

EXHIBIT "B"

XY:



Poco Mesa 26 Federal Com # 1

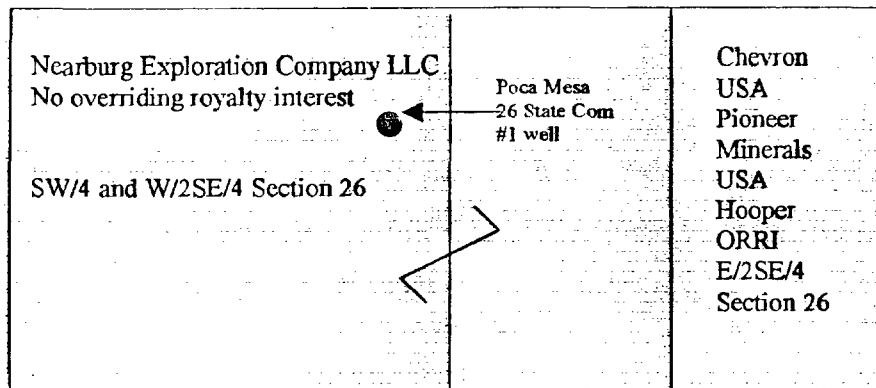
Nearburg Producing Company

Cisco 3D seismic anomaly map
scale 1:1000'

03/26/01 14:23:18

Exhibit "C"

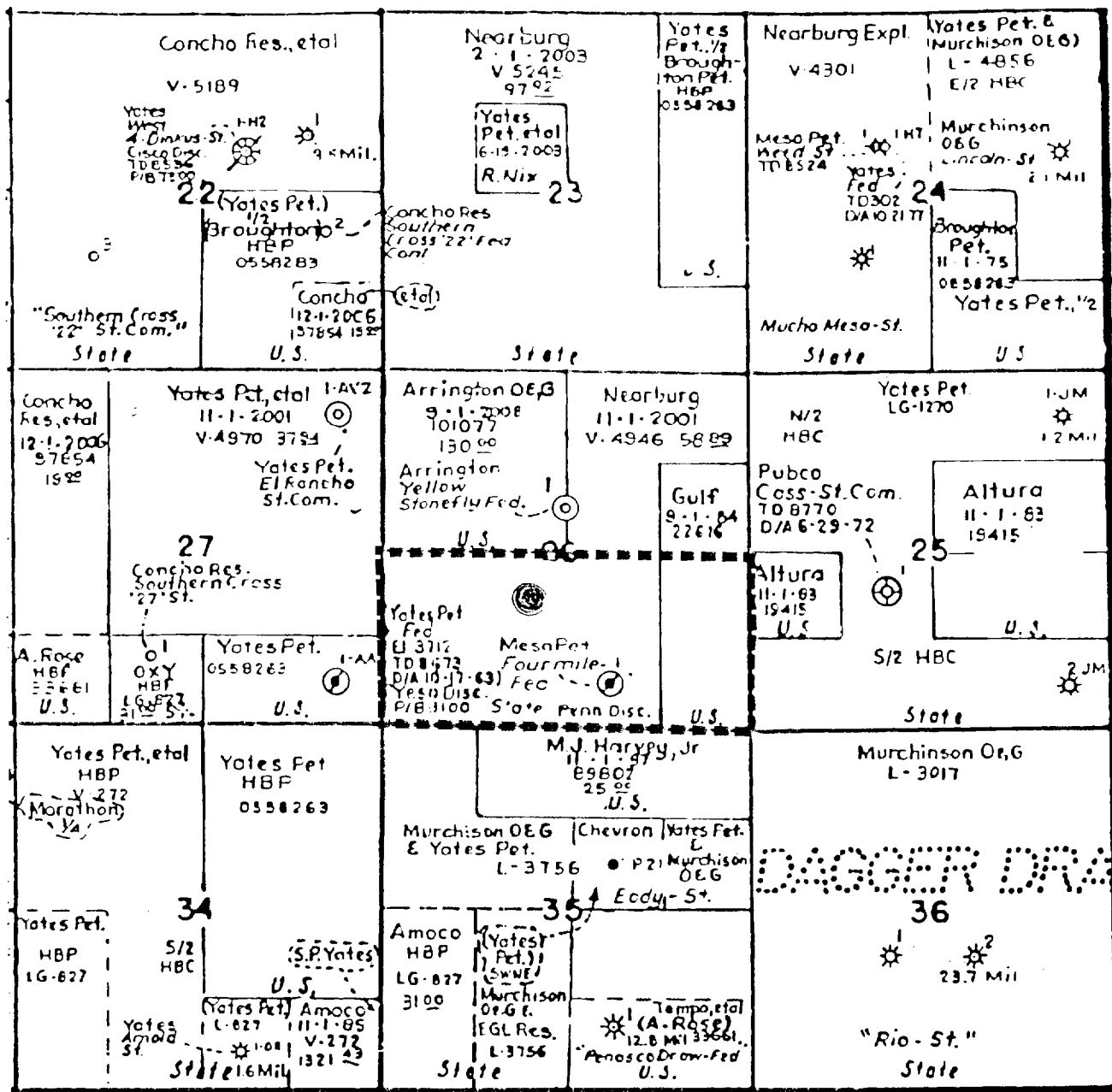
**Poca Mesa 26 State Com #1 well
2,400' FWL and 1,980' FSL of Section 26
T-18-S, R-24-E, Eddy County, New Mexico**



E/2SE/4 Surface to 5,000' and below 6,673' to all depths
Chevron USA, Inc. - 100%
No Override

E/2SE/4 From 5,000' to 6,673'
Chevron USA, Inc. - 50%
Pioneer Natural Resources, USA, Inc. - 50%
Edward and Darlene Hooper (ORRI) - 2.5%
Gailen and Shirley Hooper (ORRI) - 2.5%

Exhibit "D"
Poco Mesa "26" State Com. #1
1980' FSL, 2400' FWL
S/2 section 26 T-18-S. R-24-S
Eddy County, New Mexico



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P.O. BOX 2201
SANTA FE, NEW MEXICO 87504-2201
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-1101

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

Michael H. Feldewert
(505) 988-4421
(505) 983-6043 Fax
mfeldewert@hollandhart.com

March 27, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

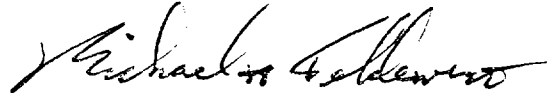
Chevron U.S.A., Inc.
Post Office Box 1635
Houston, TX 77251

Re: *Application of Nearburg Exploration Company, L.L.C. for
Administrative Approval of an Unorthodox Well Location for its
Poco Mesa "26" State Com Well No. 1, located 1980 feet from
the South line and 2400 feet from the West line of Section 26,
Township 18 South, Range 24 East, N.M.P.M., Eddy County,
New Mexico.*

Dear Sir or Madame:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Nearburg Exploration Company, L.L.C. As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



Michael H. Feldewert

enc.

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CAMPBELL & CARR^{ATTN}

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SANTA FE, NEW MEXICO 87501-6521

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FACSIMILE (505) 983-6043

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(505) 983-6043 Fax
mfeldewert@hollandhart.com

March 27, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

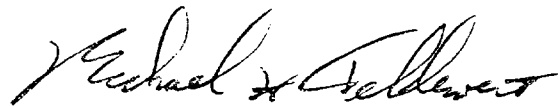
Pioneer Natural Resources USA, Inc.
Post Office Box 3178
Midland, TX 79702

Re: *Application of Nearburg Exploration Company, L.L.C. for
Administrative Approval of an Unorthodox Well Location for its
Poco Mesa "26" State Com Well No. 1, located 1980 feet from
the South line and 2400 feet from the West line of Section 26,
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New Mexico.*

Dear Sir or Madame:

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Very truly yours,



Michael H. Feldewert

enc.

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^{and}
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CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6511

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

Michael H. Feldewert
(505) 988-4421
(505) 983-6043 Fax
mfeldewert@hollandhart.com

March 27, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Edward and Darlene Hooper
Gailen and Shirley Hooper
2651 Camino Chueco
Santa Fe, New Mexico 87501

Re: *Application of Nearburg Exploration Company, L.L.C. for
Administrative Approval of an Unorthodox Well Location for its
Poco Mesa "26" State Com Well No. 1, located 1980 feet from
the South line and 2400 feet from the West line of Section 26,
Township 18 South, Range 24 East, N.M.P.M., Eddy County,
New Mexico.*

Dear Messrs. and Mmes. Hooper:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Nearburg Exploration Company, L.L.C. As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



Michael H. Feldewert

enc.

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^{and}
CAMPBELL & CARR
ATTORNEYS AT LAW

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BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE • CASPER
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2204
SANTA FE, NEW MEXICO 87504-2204
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6511

TELEPHONE (505) 986-4421
FACSIMILE (505) 983-6043

Michael H. Feldewert
(505) 988-4421
(505) 983-6043 Fax
mfeldewert@hollandhart.com

March 27, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

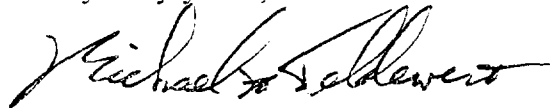
New Mexico Commissioner of Public Lands
Ray Powell, Jr.
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

Re: *Application of Nearburg Exploration Company, L.L.C. for
Administrative Approval of an Unorthodox Well Location for its
Poco Mesa "26" State Com Well No. 1, located 1980 feet from
the South line and 2400 feet from the West line of Section 26,
Township 18 South, Range 24 East, N.M.P.M., Eddy County,
New Mexico.*

Dear Mr. Powell:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Nearburg Exploration Company, L.L.C. As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



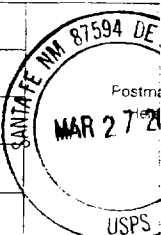
Michael H. Feldewert

enc.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

MHF 698

Postage	\$.55
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$3.95



Edward & Darlene Hooper
 Gailen & Shirley Hooper
 2651 Camino Chueco
 Santa Fe, N.M. 87501

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Edward & Darlene Hooper
 Gailen & Shirley Hooper
 2651 Camino Chueco
 Santa Fe, N.M. 87501

2. Article Number (Copy from service label)

PS Form 3811, July 1999

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS FOLD AT DOTTED LINE

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X Shirley M. Hooper - ☐ Agent ☒ Addressee

D. Is delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 0600 0024 3129 7663

Domestic Return Receipt

102595-99-M-1785

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

MHF - 698

Postage	\$.55
Certified Fee	1.90
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$3.95



N.M. Comm. of Public Lands
 Ray Powell, Jr.
 Post Office Box 1148
 Santa Fe, N.M. 87504-1148

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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 Ray Powell, Jr.
 Post Office Box 1148
 Santa Fe, N.M. 87504-1148

2. Article Number (Copy from service label)

PS Form 3811, July 1999

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS FOLD AT DOTTED LINE

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X ☐ Agent ☒ Addressee

D. Is delivery address different from item 1? ☐ Yes ☒ No
 If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 0600 0024 3129 7656

Domestic Return Receipt

102595-99-M-1771

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

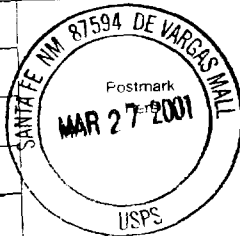
Postage \$

Certified Fee

Return Receipt Fee
 (Endorsement Required)

Restricted Delivery Fee
 (Endorsement Required)

Total Postage & Fees \$



Chevron U.S.A., Inc.
 Post Office Box 1635
 Houston, Texas 77251

Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage \$

Certified Fee

Return Receipt Fee
 (Endorsement Required)

Restricted Delivery Fee
 (Endorsement Required)

Total Postage & Fees \$



Pioneer Natural Resources USA
 Post Office Box 3178
 Midland, Texas 79702

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Pioneer Natural Resources USA
 Post Office Box 3178
 Midland, Texas 79702

2. Article Number (Copy from service label)

7000 0600 0024 3129 1672

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

PLACE STICKER AT TOP OF ENVELOPE
 TO THE RIGHT OF RETURN ADDRESS
 FOLD AT DOTTED LINE

A. Received by (Please Print Clearly)

James Stevens

B. Date of Delivery

MAR 29 2001

C. Signature

James Stevens

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



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

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

RECEIVED

APR 25 2001

HOLLAND & HART LLP