



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

Office: (505) 986-2646

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

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2011 OCT 19 P 4:00

October 19, 2011

Ms. Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Hand-Delivered

Re: NMOCD Case No. 14745: Application of Nearburg Producing Company for Designation of a Non-Standard Oil Spacing and Proration Unit, an Unorthodox Surface Location, and Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Davidson:

On behalf of Nearburg Producing Company, enclosed is an original and one copy of Nearburg Producing Co.'s Pre-Hearing Statement.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

JSH:kw
Enclosures

320527

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

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2011 OCT 19 P 4: 00

IN THE MATTER OF THE APPLICATION OF
NEARBURG PRODUCING COMPANY FOR
DESIGNATION OF A NON-STANDARD OIL
SPACING AND PRORATION UNIT, AN
UNORTHODOX SURFACE LOCATION AND
COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO

CASE NO. 14745

(See AMENDED)
PRE-HEARING STATEMENT

Nearburg Producing Company ("Nearburg") provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

Nearburg Producing Company
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705

APPLICANT'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873

OPPOSING PARTY

None at this time.

OPPOSING PARTY'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Nearburg seeks an order consolidated each of the 40-acre spacing units within the S/2 SW/4 & the SW/4 SE/4 of Section 34, Township 19 South, Range 25 East, NMPM and designating the consolidated units as a 120-acre± non-standard oil spacing and proration unit in the Glorieta-Yeso formation, North Seven Rivers-Yeso Pool (97565), for Nearburg's horizontal

drilling project area; and Pooling all interests in the Glorieta-Yeso formation underlying the S/2 SW/4 & the SW/4 SE/4 of Section 34.

The proposed non-standard unit will be dedicated to its Irami 34 MO Fed Com No. 1-H Well to be drilled horizontally from an unorthodox surface location 330' from the South line and 10' from the West line, to a standard bottom hole location 330' from the South line and 1650' from the East line of Section 34, Township 19 South, Range 25 East to a depth sufficient to test the Glorieta-Yeso formation underlying the proposed project area.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

Russell Wickman, Landman

EST. TIME

20 min.

EXHIBITS

6

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

None.

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall
J. Scott Hall, Esq.
Post Office Box 2307
Santa Fe, New Mexico 87504
(505) 982-3873
Attorneys for Nearburg Producing Company

Certificate of Service

I hereby certify that on October 17, 2011, a true and correct copy of the foregoing was delivered to the following parties by electronic mail:

N/A

J. Scott Hall

J. Scott Hall

319844