

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

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APR 17 1995

*Oil Conservation Division*

APPLICATION OF NEARBURG EXPLORATION  
CORPORATION FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11232

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11264

CONSOLIDATED  
PRE-HEARING STATEMENT

This pre-hearing statement is submitted by NEARBURG  
EXPLORATION CORPORATION, as required by the Oil Conservation  
Division.

**APPEARANCE OF PARTIES**

APPLICANT IN CASE 11232  
OPPONENT IN CASE 11264

ATTORNEY

Nearburg Exploration Company  
3300 North "A" Street  
Midland, Texas 79705  
(915) 686-8235  
attn: Bob Shelton

W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
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Oil Conservation Division

OPPONENT IN CASE 11232  
APPLICANT IN CASE 11264

ATTORNEY

Yates Petroleum Corporation

Ernest L. Carroll, Esq  
P. O. Drawer 239  
Artesia, N.M. 88211  
(505) 746-3505

### STATEMENT OF CASE

Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this NE/4 of Section 24, T19S, R25E, Nearburg Exploration Company needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

Nearburg requests an order pooling the mineral interest of described in this spacing unit for the drilling of its Fairchild "24" Well No. 2 at a standard well location (Unit B) for potential production from the North Dagger Draw-Upper Pennsylvanian Pool upon terms and conditions which include:

- (1) Nearburg Producing Company be named operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) A provision for overhead rates and a method for adjusting those rates in accordance with COPAS accounting procedures;
- (5) For such other and further relief as may be proper.

PROPOSED EVIDENCE


APPLICANT in Case 11232:

WITNESSES	EST. TIME	EXHIBITS
Joe Fitzgerald (landman)	20 min.	@ 6 exhibits
Jerry Elger (geologist)	30 Min.	@ 4 exhibits
Tim McDonald (petroleum engineer)	30 Min.	@ 4 exhibits

**PROCEDURAL MATTERS**

Consolidation of Cases 11232 and 11264.

KELLAHIN AND KELLAHIN

By:   
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