

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF NEARBURG EXPLORATION COMPANY, L.L.C.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11649

APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the N/2 NE/4 and in all formations developed on 40-acre spacing in the NW/4 NE/4 of Section 26, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Nearburg owns or represents approximately 41% of the working interest in the N/2 of said Section 26, and applicant has the right to drill thereon.
2. Nearburg proposes to dedicate the above-referenced spacing or proration unit to its Morris 26B Well No. 1 to be drilled at a standard well location 660 feet from the North line and 1650 feet from the East line of said Section 26.
3. Nearburg proposes to drill to a depth sufficient to test all formations from the surface to the base of the Morrow formation, Cemetery-Morrow Pool.

4. Nearburg has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the N/2 of said Section 26.

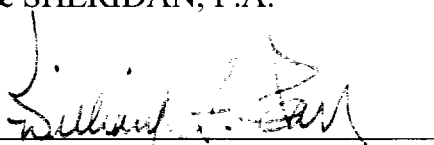
5. Said pooling of interests will prevent waste and will protect correlative rights.

6. In order to permit Nearburg to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Nearburg should be designated the operator of the well to be drilled at the proposed unorthodox well location.

WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this application be set for hearing before an examiner of the Oil Conservation Division on November 7, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Nearburg to recover its costs of supervision of the well, including overhead charges, and imposing a risk factor for the risk assumed by the Nearburg in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

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