

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:

APPLICATION OF NEARBURG EXPLORATION  
COMPANY, L.L.C. FOR COMPULSORY POOLING,  
AND AN UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 11747

**PRE-HEARING STATEMENT**

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

**APPEARANCE OF PARTIES**

**APPLICANT**

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

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

### 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 W/2 of Section 14, T21S, R32E, Nearburg Exploration Company, L.L.C. 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 Aztec "14" Federal Com Well No. 1 at an unorthodox well location (Unit F) for potential production from the Morrow formation 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:**

WITNESSES	EST. TIME	EXHIBITS
Duke Roush (landman)	20 min.	@ 6 exhibits
Jerry Elger (geologist)	20 Min.	@ 4 exhibits

**PROCEDURAL MATTERS**

None anticipated at this time.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

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