

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,
LEA COUNTY, NEW MEXICO.

CASE NO. 11885

APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2, including the Salt Lake Morrow South Gas Pool, all formations developed on 160-acre spacing in the NW/4, and in all formations developed on 40-acre spacing in the NE/4 NW/4 of Section 34, all in Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Nearburg is a working interest owner in the N/2 of Section 34 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Tomahawk "34" Federal Com #1 Well to be drilled to a standard location 660 feet from the North line and 1,650 feet from the West line of said Section 34, to a depth sufficient to test any and all formations to the base of the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain working interest owners in the subject spacing unit identified on Exhibit A attached hereto.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Nearburg Producing Company, should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on November 20, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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

By: 
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ATTORNEYS FOR NEARBURG
EXPLORATION COMPANY, L.L.C.

**EXHIBIT A
NOTIFICATION LIST
APPLICATION OF NEARBURG EXPLORATION COMPANY, L.L.C.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**SECTION 34, TOWNSHIP 20 SOUTH, RANGE 33 EAST,
N.M.P.M.**

Mitchell Energy Corp.
Attn: Roger Smith
Post Office Box 4000
The Woodlands, TX 77387-4000

Maralo, Inc.
Attn: Joe Pulido
5151 San Felipe St., #400
Houston, TX 77056-3607

Santa Fe Energy Resources, Inc.
Attn: Gregory Wilhelm
550 West Texas
Suite 1330
Midland, TX 79701