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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 SURFACE LOCATION
AND SUBSURFACE DRILLING WINDOW
EDDY COUNTY, NEW MEXICO.

CASE NO. 12073

98 NOV - 2 PM 5:07
OIL CONSERVATION DIV.

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 E/2 of Section 11, T17S, R25E, NMPM, Eddy County, NM, 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 Eagle Creek "11" Well No. 1 as a directional well ("topographical exception") to an unorthodox subsurface gas well location for potential production from the Morrow and other formations 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) directional drilling to an unorthodox subsurface drilling window; and
- (6) For such other and further relief as may be proper.

PROPOSED EVIDENCE

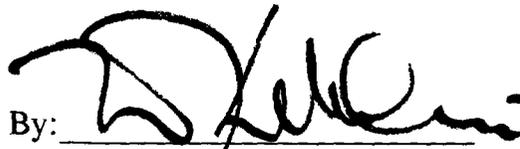
APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Duke Roush (landman)	15 min.	@ 6 exhibits
Jerry Elger (geologist)	20 Min.	@ 4 exhibits
Terry Durham (geologist)	15 Min.	@ 4 exhibits

PROCEDURAL MATTERS

None anticipated at this time.

KELLAHIN AND KELLAHIN

By: 

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