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November 24, 1998

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

1.2/01

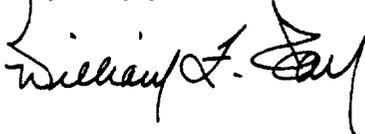
98 NOV 24 AM 9:59  
OIL CONSERVATION DIV.

Re: *Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, Eddy County, New Mexico*

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Nearburg Exploration Company, L.L.C. in the above-referenced case as well as a copy of the legal advertisement. Nearburg Exploration Company, L.L.C., requests that this matter be placed on the docket for the December 17, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh  
Enclosures

cc: Mr. Duke Roush (w/enclosures)  
Nearburg Exploration Company, L.L.C.  
3300 North "A" Street  
Building 2, Suite 120  
Midland, TX 79705

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. ~~100~~ 101

98 NOV 24 9:59  
OIL CONSERVATION DIV

**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 from the surface to the base of the Morrow formation underlying the N/2 for all formations developed on 320-acre spacing in Section 7, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, and in support thereof states:

1. Nearburg is a working interest owner in the N/2 of Section 7 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Red Cloud "7" Fed. Com. #1 Well to be drilled to a standard location 660 feet from the North line and 1980 feet from the West line of said Section 7, to a depth sufficient to test all formations from the surface 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 interest owners in the N/2 of said Section 7.

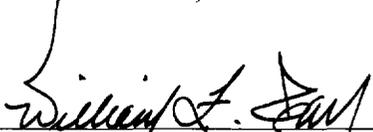
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 December 17, 1998 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: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

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

Sec : 07 Twp : 19S Rng : 31E Section Type : NORMAL

1 36.64  Federal owned	C 40.00  Federal owned	B 40.00  Federal owned	A 40.00  Federal owned
2 36.80  Federal owned	F 40.00  Federal owned	G 40.00  Federal owned	H 40.00  Federal owned

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

73.44  
8  

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153.44  
16  

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313.44

CASE 12-166:

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations underlying the N/2, for all formations developed on 320-acre spacing in Section 7, Township 19 South, Range 31 East. Said unit is to be dedicated to its Red Cloud "7" Fed. Com. #1 Well to be drilled as a wildcat well to test the Morrow formation at a standard location 660 feet from the North line and 1980 feet from the West line of said Section 7. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Halfway, New Mexico.

OIL CONSERVATION DIV.  
98 NOV 24 AM 9:59

Sec : 07 Twp : 19S Rng : 31E Section Type : NORMAL

3 36.96  Federal owned	K 40.00  Federal owned	J 40.00  Federal owned	I 40.00  Federal owned
4 37.12  Federal owned  A	N 40.00  Federal owned	O 40.00  Federal owned	P 40.00  Federal owned

PF01 HELP      PF02                      PF03 EXIT      PF04 GoTo      PF05                      PF06  
PF07 BKWD      PF08 FWD                  PF09 PRINT      PF10 SDIV      PF11                      PF12