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 APPROVAL OF A UNIT AGREEMENT, LEA COUNTY, NEW MEXICO.

CASE NO. 12110

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

ATTORNEY

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

attn: Bob Shelton

W. Thomas Kellahin

KELLAHIN & KELLAHIN

P.O. Box 2265

Santa Fe, NM 87504

(505) 982-4285

Pre-Hearing Statement NMOCD CASE 12110 Page 2

STATEMENT OF CASE

Nearburg seeks approval of a 640 acre exploratory unit consisting of State of New Mexico oil & gas leases for an initial unit well to be drilled in Unit G of Section 28, T21S, R35E to test for Morrow production.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Mike Gray (landman)	15 Min.	@ 6 exhibits
Jerry Elger (geologist)	15 Min.	@ 2 exhibits

PROCEDURAL MATTERS

None anticipated at this time.

KELLAHIN AND KELLAHIN

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285



KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285 TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN THE AREA OF NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 4, 1999

HAND DELIVERY

Mr. Mark Ashley Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

Re:

NMOCD Case 12110

Application of Nearburg Exploration Company, L.L.C. for approval of a unit agreement (Range State Unit) Lea County, New Mexico

Dear Mr. Ashley:

Nearburg Exploration Company, L.L.C. has advised me that they desire to continue the referenced case. Therefore I would appreciate you **continuing** the referenced case currently scheduled for hearing on the January 7, 1999 Examiner's docket to the docket scheduled for January 21, 1999.

W. Thomas Kellahin

Verly truly yours.

cfx: Nearburg Exploration Company, L.L.C.

Attn: Mike Gray