

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
ANTHONY F. MEDEIROS  
PAUL R. OWEN  
KATHERINE M. MOSS  
  
JACK M. CAMPBELL  
OF COUNSEL

OIL CONSERVATION DIV.

99 FEB -9 AM 3:00

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

February 8, 1999

**HAND-DELIVERED**

12132

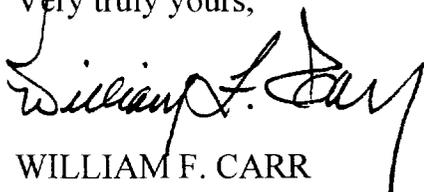
Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

Re: *Application of Nearburg Exploration Company, L.L.C. for Pool Creation  
and Special Pool Rules, Lea 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 March 4, 1999 Examiner hearings.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Michael M. Gray

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.  
FEB -9 AM 3:00

IN THE MATTER OF THE APPLICATION OF  
NEARBURG EXPLORATION COMPANY, L.L.C.  
FOR POOL CREATION AND SPECIAL POOL  
RULES, LEA COUNTY, NEW MEXICO.

CASE NO. 12132

**APPLICATION**

NEARBURG EXPLORATION COMPANY, L.L.C., (“Applicant”) by their undersigned attorneys, hereby make application to the Oil Conservation Division for an order (1) creating a new pool for the production of hydrocarbons in the Strawn formation as the result of the discovery of oil and gas in the Yates Ruby ASV State Com Well No. 1 located 1650 feet from the North line and 700 feet from the East line in Unit H of Section 15, Township 16 South, Range 32 East, NMPM, Lea County New Mexico and (2) promulgating temporary special pool rules and regulations for this pool including provisions for 160-acre spacing and special well location requirements, and in support of this application states:

1. Applicant is a working interest owner in the Yates Petroleum Corporation Ruby ASV State Com Well No. 1 which was recently drilled as a 12,517 foot Morrow test which has been plugged back and completed in the Strawn formation. The well is producing through the perforated interval from 11,340 feet to 11,540 feet at a current daily rate of approximately 103 barrels of oil and 88 MCF of gas in a new common source of supply in the Strawn formation.

2. Applicant requests that a new pool for the production of oil and gas be created

in the Strawn formation. The following described lands are reasonably proven to be productive of oil and gas in paying quantities and should be included in the original definition of the new pool:

**Township 16 South, Range 32 East, NMPM**

Section 15: NE/4

3. Operating this pool under Statewide rules which provide for 40-acre spacing and proration units will result in the drilling of unnecessary wells and inefficient operations.

4. Applicant seeks the adoption of Special Rules and Regulations to provide for 160-acre spacing and proration units to permit wells to be located no closer than 660 feet to the boundaries of the dedicated spacing unit.

5. Approval of this application will protect the correlative rights of each owner in the pool by affording them the opportunity to produce their just and equitable share of the reserves in the pool, will prevent waste of hydrocarbons and will otherwise be in the best interest of conservation.

WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this application be set for hearing before a Division Examiner on March 4, 1999 and following notice and hearing as required by law and the rules of the Division, that this application be granted.

Respectfully submitted,

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

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

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

CASE 12132:

Application of Nearburg Exploration Company, L.L.C. for pool creation and special pool rules, Lea County, New Mexico. Applicant in the above-styled cause seeks the creation of a new pool for the production of hydrocarbons from the Strawn formation to include the NE/4 of Section 15, Township 16 South, Range 32 East, NMPM. Applicant also seeks the promulgation of special rules and regulations for this new pool including provisions for 160-acre spacing and special well location requirements. Said area is located approximately 5 miles north of Maljamar, New Mexico.

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