

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

IN THE MATTER OF THE APPLICATION
OF NEARBURG EXPLORATION COMPANY, L.L.C.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 12152

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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 interests in all formations developed on 320-acre spacing in the W/2, in all formations developed on 160-acre spacing in the SW/4, in all formations developed on 80-acre spacing under the W/2 SW/4, and in all formations developed on 40-acre spacing under the NW/4 SW/4 of Section 10, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Nearburg is a working interest owner in the W/2 of Section 10 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Rancho Verde 10 State Com Well No. 1 to be drilled to a standard location in the NW/4 SW/4 (Unit L) of said Section 10, to a depth of approximately 12,750 feet to test any and all formations to the base of the Mississippian formation. The primary objective in the well will be the Morrow formation, Anderson Ranch-Morrow Gas Pool.

3. Applicant has been unable to get all interest owners in the subject spacing and proration units voluntarily committed to the well, and Nearburg therefore must obtain a compulsory pooling order from the Division covering the subject units.

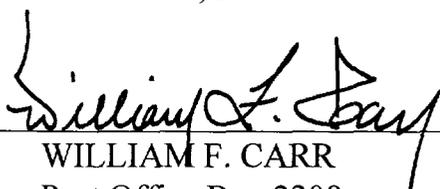
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all 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 April 1, 1999 and, after notice and hearing as required by law, the Division enter its order pooling the lands.

Respectfully submitted,

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

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