

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,  
EDDY COUNTY, NEW MEXICO

CASE No. 12427

**AMENDED APPLICATION**

NEARBURG EXPLORATION COMPANY, L.L.C. by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A. (J. Scott Hall), hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all mineral interests in the Morrow formation, undersigned North-Illinois Camp-Morrow Gas Pool underlying the following described acreage in Section 18, Township 18 South, Range 28 East, NMPM: a.) E/2 to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent; b.) NE/4 to for all 160 acre formations; c) N/2 NE/4 for all 80 acre formations and d.) NW/NE for all 40 acre formations, including the undersigned Empire Abo pool and the Artesia Queen, Grayburg- San Andres pool. Said units are to be dedicated to Applicant's proposed Pathfinder 18 State Com. Well No. 1 to be drilled at a standard Morrow gas well location 1,980 feet from the east line and 660 feet from the north line in the NW/NE of said Section 18. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. Applicant, in support thereof would show the Division:

1. Applicant owns a substantial portion of the working interest in and under the E/2 of Section 18, and Applicant has the right to drill thereon.

2. Applicant has sought, but has been unable to obtain either voluntary agreement for pooling or farmout from one hundred percent of the other interest owners in the E/2 of said Section 18.

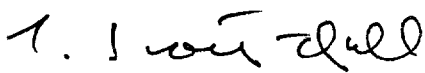
3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 13, 2000, and that 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 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 and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By   
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J. Scott Hall  
Post Office Box 1986  
Santa Fe, New Mexico 87504  
(505) 989-9614

ATTORNEYS FOR NEARBURG EXPLORATION

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 13, 2000**

8:15 A.M. - 2040 South Pacheco  
Santa Fe, New Mexico

Dockets Nos. 21-00 and 22-00 are tentatively set for July 27 and August 10, 2000. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 12439:** Continued from June 29, 2000 Examiner Hearing.

**Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately 11 1/2 miles south of Eunice, New Mexico.

**CASE 12431:** Continued from June 15, 2000, Examiner Hearing - This Case Will Be Dismissed.

**Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but is not limited to the Undesignated North Illinois Camp-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the E/2 SE/4, and in all formations developed on 40-acre spacing in the NE/4 SE/4 which includes but is not necessarily limited to the Undesignated Empire-Abo Pool and the Artesia Queen-Grayburg-San Andres Pool, all in Section 18, Township 18 South, Range 28 East. Said units are to be dedicated to a well to be drilled at a standard location in the NE/4 SE/4 of Section 18 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 the well. The area is located approximately 10 miles Southeast of Artesia, New Mexico.

**CASE 12446:** **Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East, in the following manner: all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North Illinois Camp-Morrow Gas Pool; all formations developed on 160-acre spacing underlying the SE/4; and all formations developed on 40-acre spacing underlying the SE/4 SE/4, which includes, but is not necessarily limited to, the Undesignated Empire-Abo Pool, the Undesignated Artesia Queen-Grayburg-San Andres Pool, and the undesignated Red Lake Queen-Grayburg-San Andres Pool. Said spacing and proration units are to be dedicated to Fuel Products' proposed Illinois Camp 18 State Well No. 1, to be drilled at a standard location in the SE/4 (Unit P) of Section 18. 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 the well. The area is located approximately 10 miles Southeast of Artesia, New Mexico.

**CASE 12420:** Continued from June 15, 2000, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

**~~CASE 12444:~~** Readvertised

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East and in the following manner: (a.) the E/2 to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes the undesignated North Illinois Camp Morrow Gas Pool; (b.) NE/4 for all 160-acre formations; (c.) N/2 NE/4 for all 80-acre formations and (d.) NW/4 NE/4 for all 40 acre formations, including the undesignated Empire-Abo pool and the Artesia-Queen-Grayburg-San Andres Pool. The units are to be dedicated to its proposed Pathfinder 18 State Com. No. 1 Well to be drilled at a standard location 660 feet from the North line 1,980 feet from the East line of Section 18. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

**CASE 12447:** Application of OXY USA, Inc. to rescind Division Order R-4949 which adopted the special pool rules for the North Burton Flats-Wolfcamp Gas Pool, Eddy County, New Mexico. Applicant seeks an order rescinding the special pool rules order for the North Burton Flats-Wolfcamp Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. The current boundaries of the pool include all or portions of Sections 3, 4, 9, 10, 11, 12, 14, 15, 16, 19, 20, 21, 23, 28 through 33, Township 20 South, Range 28 East. This pool is located approximately 8 miles north-northeast of Carlsbad, New Mexico.

**CASE 12448:** Application of Chesapeake Operating, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to produce its Boyce "15" Well No. 3 at an unorthodox gas well location 2310 feet from the North line and 341 feet from the East line (Unit H) of Section 15, Township 16 South, Range 35 East, NMPM, for production from the Townsend-Morrow Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the E/2 of this section. This location is located approximately 5 miles west of Lovington, New Mexico.

**CASE 12449:** This Case Will Be Continued to July 27, 2000.

Application of Santa Fe Snyder Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage within Section 18, Township 23 South, Range 34 East, in the following manner: the E/2 of this section to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within this vertical extent, including but not limited to the Antelope Ridge-Morrow Gas Pool; the NE/4 of this section to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within this vertical extent; and the SE/4 NE/4 of this section to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within this vertical extent. The units are to be dedicated to its Paloma Blanco "18" Federal Well No. 1 to be drilled and completed at a standard well location in Unit H of this section. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 22 miles southwest of Eunice, New Mexico.

**CASE 12426:** Continued from June 1, 2000, Examiner Hearing.

Application of Southwest Royalties, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks exceptions to Rules 3 and 6 of the "Special Rules and Regulations for the Scarborough Yates-Seven Rivers Pool", as promulgated by Division Order No. R-2999, in order to: (i) establish a non-standard 280-acre gas spacing and proration unit comprising the S/2 NE/4, NE/4 SE/4, and S/2 SE/4 of Section 30, Township 26 South, Range 37 East (which is located approximately seven miles south of Jal, New Mexico) within the Scarborough Yates-Seven Rivers Pool; and (ii) to dedicate thereon its existing Eaves "B" Well No. 20 (API No. 30-025-32274) located at an unorthodox gas well location 1414 feet from the South line and 429 feet from the East line (Unit I) of Section 30.

**CASE 12450:** Application of Ocean Energy Resources, Inc. for a non-standard oil spacing and proration unit, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit in the South Big Dog-Strawn Pool comprised of the NW/4 SE/4 of Section 2, Township 16 South, Range 35 East. The unit will be dedicated to its Townsend "2" State Well No. 11, to be located at an orthodox oil well location. The unit is located approximately 4½ miles west of Lovington, New Mexico.

**CASE 12382:** Continued from June 15, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 19 South, Range 28 East, and in the following manner: (a) the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes the Undesignated South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the SW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.