

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION <sup>OIL CONSERVATION DIV.</sup>

APPLICATION OF NEARBURG EXPLORATION  
COMPANY, L.L.C. FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.

00 JUN 20 AM 7:34  
No. 12451

APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N½ of Section 8, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N½ of Section 8, and has the right to drill a well thereon.

2. Applicant proposes to drill its Red Cloud Fed. Com. Well No. 1, at a location 1650 feet from the north line and 660 feet from the east line of the section, to a depth sufficient to test the Morrow formation (approximately 12400 feet subsurface), and seeks to dedicate the N½ of Section 8 to the well to form a 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Shugart-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 8 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order

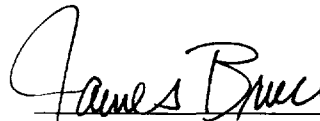
pooling all mineral interest owners in the N½ of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the N½ of Section 8, from the surface to the base of the Morrow formation;
- B. Designating Nearburg Producing Company as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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