

**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. 12574

APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. (“Nearburg”), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation, under the following acreage in Section 23, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico:

- A. the E/2 to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not necessarily limited to the East Grama Ridge-Morrow Gas Pool, the Wilson-Morrow Gas Pool, and the South Wilson-Pennsylvanian Gas Pool;
- B. the SE/4 to form a standard 160-acre spacing and proration unit for formations developed on 160-acre spacing within that vertical extent; and,
- D. the NW/4 SE/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent, including but not necessarily limited to the Northeast Grama Ridge-Bone Spring, the Grama Ridge-Delaware, the Wilson-Strawn, and the Wilson-Yates-Seven Rivers Oil Pools.

Said spacing and proration units are to be dedicated to Nearburg’s proposed Grama Ridge 23 State

Com Well No. 2, to be drilled at standard location in the NW/4 SE/4 of said Section 23, and in support of its application states:

1. Nearburg is a working interest owner in said Section 23 and has the right to drill thereon.

2. Nearburg proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the SE/4 of said Section 23, to a depth sufficient to test any and all formations to the base of the Morrow formation.

3. Nearburg has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from those interest owners identified on Exhibit A to this application.

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 mineral interests should be pooled, and Nearburg Producing Company, L.L.C. should be designated the operator of the well to be drilled.

WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 11, 2001, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Nearburg operator of these spacing and proration units, and authorizing Nearburg to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk

factor for the risk assumed by Nearburg in drilling, completing and equipping the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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

**EXHIBIT A
NOTIFICATION LIST
APPLICATION OF NEARBURG EXPLORATION COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**SECTION 23, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
NMPM, LEA COUNTY, NEW MEXICO**

Matador E & P Company, Inc.
Suite 158 Pecan Creek
8340 Meadow Road
Dallas, Texas 75231-3751

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

CASE 12574 Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following manner: the E2 for all formations developed on 320-acre spacing, including but not necessarily limited to the East Grama Ridge-Morrow Gas Pool, the Wilson-Morrow Gas Pool, and the South Wilson-Pennsylvanian Gas Pool; the SE/4 for all formations developed on 160-acre spacing; and, the NW/4 SE/4 for all formations developed on 40-acre spacing, including but not necessarily limited to the Northeast Grama Ridge-Bone Spring, the Grama Ridge-Delaware, the Wilson-Strawn, and the Wilson-Yates-Seven Rivers Oil Pools, all in Section 23, Township 21 South, Range 34 East, NMPM. Applicant proposes to dedicate these pooled units to its proposed Grama Ridge 23 State Com Well #2, to be drilled at a standard gas well location in the NW/4 SE/4 of said Section 23. Also to be considered will 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 said well. Said area is located approximately 16 miles west of Hobbs, New Mexico.