

M.S.

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

OIL CONSERVATION DIV
01 MAY 11 PM 4:00

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

CASE NO. 12662

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP and Campbell & Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT
Nearburg Exploration Co., L.L.C.
Attn: Duke Roush
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
(915) 686.8235

ATTORNEY
William F. Carr, Esq.
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988.4421

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in the following described spacing and proration unit in Section 26, Township 18 South, Range 24 East as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Penasco Draw-Morrow Gas Pool and the Undesignated Penasco Draw-Permo Pennsylvanian Gas Pool. Said unit is to be dedicated to applicant's Poco Mesa "26" State Com Well No. 1 to be drilled at an unorthodox location (administrative approval pending) 1980 feet from the South line and 2400 feet from the West line (Unit K) of said Section 26 to a depth sufficient to test all formations from the surface to the base of the Pennsylvanian 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles southwest of Artesia, New Mexico.

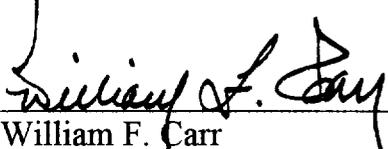
PROPOSED EVIDENCE

APPLICANT

| WITNESSES (Name and Expertise) | ESTIMATED TIME | EXHIBITS |
|-----------------------------------|--------------------|-----------|
| Duke Roush (Land) | Approx. 10 Minutes | Approx. 7 |
| Jerry Elger (Geology) | Approx. 10 Minutes | Approx. 3 |

PROCEDURAL MATTERS

Nearburg Exploration Company, LLC, will request that cases 12661 and 12662 be consolidated for purposes of testimony.



William F. Carr

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Attorney for Nearburg Exploration Company, LLC