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April 7, 1992

VIA FEDERAL EXPRESS

The New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, NM 87504

Case 10473

Re: Application of Nearburg Exploration Company for Compulsory
Pooling and an Unorthodox Well Location, Eddy County, New
Mexico

Ladies and Gentlemen:

Enclosed in triplicate is Nearburg Exploration Company's
Application for Compulsory Pooling and an Unorthodox Well Location.
I verbally set this case for hearing on the April 30 docket.

Please file this Application in this case.

Thanks for your assistance.

Yours very truly,

KEMP, SMITH, DUNCAN & HAMMOND, P.C.

By:

J. Randy Turner
J. Randy Turner

JRT:lf

Enclosures

xc: Bob Shelton

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY,
MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
NEARBURG EXPLORATION COMPANY
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO

CASE NO. 10443

APPLICATION

COMES NOW Nearburg Exploration Company, through its undersigned attorneys, and hereby makes application to the Oil Conservation Division pursuant to N.M. Stat. Ann. § 70-2-17 for an order pooling all mineral interests in the Morrow and Cisco Canyon formations underlying the N/2 of Section 27, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and for approval of an unorthodox well location, and in support thereof would show the Division:

1. Applicant owns or represents 50% of the working interest underlying the N/2 of Section 27, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, from the surface down to 10,025 feet below the surface, and has the right to drill thereon.

2. Applicant proposes to drill a well to test the Morrow and Cisco Canyon formations at a location which is 660 feet from the North line and 1330 feet from the East line of Section 27.

3. Applicant seeks an exception to Rule 104 to permit the drilling of the above-described unorthodox location to a depth

sufficient to adequately test the Morrow and Cisco Canyon formations.

4. Applicant has sought and obtained either voluntary agreement for pooling or farmout agreements from all other owners in the N/2 of Section 27 except for the following:

Mr. Craig Clark
310 W. Texas, Suite 714
Midland, TX 79701

Mr. David Cromwell
2819 Shandon
Midland, TX 79705

Bettis Brothers, Inc.
c/o Mr. Harry Bettis
500 W. Texas, Suite 830
Midland, TX, 79701

Yates Petroleum Corporation
c/o Mr. Mike Burch
105 South Fourth Street
Artesia, NM 88210

Trigg Family Trust
P. O. Box 520
Roswell, NM 88202

5. Said pooling of interests and approval of an unorthodox well location will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. 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.

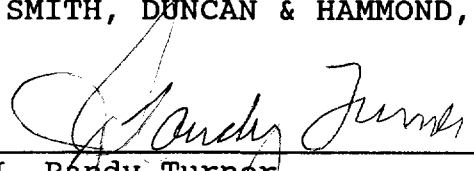
WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 30, 1992, and that after notice and hearing as required by law, the Division enter its order pooling the lands,

including provisions for Applicant to recover its costs of drilling, equipping and completing the well, 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, approving Applicant's unorthodox well location, and making such other further provisions as may be proper.

Respectfully submitted,

KEMP, SMITH, DUNCAN & HAMMOND, P.C.

By: _____


J. Randy Turner
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Midland, Texas 79702-2796
Telephone: (915) 687-0011

ATTORNEYS FOR NEARBURG EXPLORATION
COMPANY

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:

CASE NOS. 10467
10473
ORDER NO. R-9678

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO

APPLICATION OF NEARBURG EXPLORATION
COMPANY FOR COMPULSORY POOLING AND
AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO

RECEIVED
JUN 10 1992
OIL CONSERVATION DIVISION

APPLICATION FOR DE NOVO HEARING

COMES NOW, NEARBURG EXPLORATION COMPANY, through its undersigned attorneys, and hereby requests a de novo hearing before the full Oil Conservation Commission of all of the matters decided in Consolidated Case Nos. 10467 and 10473, in which Order No. R-9678 was issued after a hearing was held before Hearing Examiner David R. Catanach on April 30, 1992.

Respectfully submitted,

KEMP, SMITH, DUNCAN & HAMMOND, P.C.

By: 

J. Randy Turner
P. O. Box 2796
400 W. Illinois, Suite 1400
Midland, Texas 79701
915/687-0011

ATTORNEYS FOR NEARBURG EXPLORATION
COMPANY

I hereby certify that I caused to be mailed a true and correct copy of the foregoing to all counsel of record in Case Nos. 10467 and 10473 this 29th day of April, 1992.


J. Randy Turner