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July 23, 1999

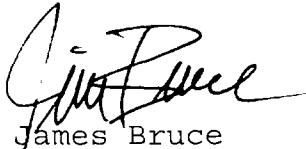
Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and two copies of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Nearburg Exploration Company, L.L.C. Please set this matter for the August 19, 1999 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Nearburg Exploration
Company, L.L.C.

OIL CONSERVATION DIV.

99 JUN 23 PM 2:00

Case 12231

OIL CONSERVATION DIV.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

99 JUN 23 PM 2:30

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

Case No. 2231

APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the surface to the top of the Cisco/Canyon formation, and from the base of the Cisco/Canyon formation to the base of the Morrow formation, underlying the W $\frac{1}{2}$ of Section 15, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$ of Section 15, and has the right to drill a well thereon.

2. Applicant proposes to deepen its existing Osage Boyd "15" Fed. Com. Well No. 2, at an orthodox gas well location 1650 feet from the south line and 1980 feet from the west line of Section 15, to a depth sufficient to test the Morrow formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 15 to the well for all pools or formations developed on 320 acre spacing, including the Undesignated Boyd-Morrow Gas Pool.

3. Applicant requests that Nearburg Producing Company be named operator of the well.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 15 for the purposes set forth herein.

5. Although applicant has 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 W½ of Section 15, pursuant to NMSA 1978 §70-2-17 (1996).

6. The pooling of all mineral interests underlying the W½ of Section 15 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 W½ of Section 15, from the surface to the top of the Cisco/Canyon formation, and from the base of the Cisco/Canyon formation to the base of the Morrow formation;

B. Designating Nearburg Producing Company as operator of the well;

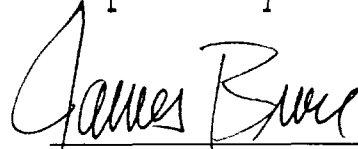
C. Considering the cost of deepening and completing the well, and allocating the cost thereof among the well's working interest owners;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure;

E. Setting a penalty for the risk involved in deepening and completing the well in the event a working interest owner elects not to participate in the well; and

F. Granting such further relief as is proper.

Respectfully submitted



James Bruce
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(505) 982-2043

Attorney for Nearburg Exploration
Company, L.L.C.

PROPOSED ADVERTISEMENT

99 JUN 23 PM 2:30

Case 12231: **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 top of the Cisco/Canyon formation, and from the base of the Cisco/Canyon formation to the base of the Morrow formation underlying the W $\frac{1}{2}$ of Section 15, Township 19 South, Range 25 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Boyd-Morrow Gas Pool. Said unit is to be dedicated to the Osage Boyd "15" Fed. Com. Well No. 2, to be deepened at an orthodox gas well location 1650 feet from the south line and 1980 feet from the west line of Section 15. Also to be considered will be the cost of deepening 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 the risk involved in deepening and completing the well. Said unit is located approximately 5 $\frac{1}{2}$ miles northwest of Seven Rivers, New Mexico.