



June 1, 2004

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

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JUN -1 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13290

Re: Application of Nearburg Exploration Company, L.L.C. for compulsory
pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed in is the Application of Nearburg Exploration Company, L.L.C. in the above-referenced case as well as a copy of a legal advertisement for this case. Nearburg Exploration Company, L.L.C., requests that this matter be placed on the docket for the June 24, 2004 Examiner hearings.

Very truly yours,

William F. Carr
Enclosures

cc: Mr. Robert Shelton (w/enclosures)

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

Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

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

CASE NO. 13290

APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling the E/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico from the surface to the base of the Morrow formation for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Cemetery-Morrow Gas Pool, the Undesignated North Cemetery-Atoka Gas Pool, and the Undesignated Ross Ranch-Upper Pennsylvanian Gas Pool and in support of its application states:

1. Nearburg is a working interest owner in the E/2 of Section 34 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing and proration units to its Wertheim "34" Well No. 1, to be re-entered and drilled at a standard gas well location 1980 feet from the South line and 660 feet from the East line of said Section 34 to test any and all formations from the surface to the base of the Morrow formation.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units with 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

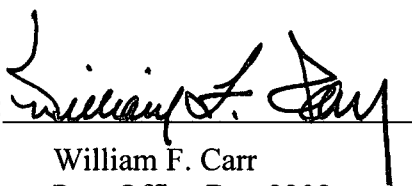
Nearburg Producing Company should be designated the operator of the well to be drilled.

WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 24, 2004, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Nearburg Producing Company operator of these units and the well to be drilled thereon,
- C. authorizing Nearburg to recover its costs of drilling, equipping and completing the well,
- D. approving the operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures,
- E. providing for subsequent operations on the pooled acreage in accordance with the operating agreement between the parties, and
- G. imposing a 200% penalty for the risk assumed by Nearburg in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Telephone: (505) 988-4421

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

EXHIBIT A

APPLICATION OF NEARBURG EXPLORATION COMPANY, L.L.C.
FOR COMPULSORY POOLING,
E/2 OF SECTION 34, TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
EDDY COUNTY, NEW MEXICO.

NOTIFICATION LIST

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Unit Petroleum Corporation
407 North Big Spring
Suite 101
Midland, Texas 79701

Agnus Cluthe Oliver Trust and
William B. Oliver Trust
2001 Ross Avenue, suite 1150
Dallas, Texas 75201-2932

CASE 13290:

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 34, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Cemetery-Morrow Gas Pool, the Undesignated North Cemetery-Atoka Gas Pool, and the Undesignated Ross Ranch-Upper Pennsylvanian Gas Pool. Said units are to be dedicated to its Wertheim "34" Well No. 1 to be re-entered at a standard location 1980 feet from the South line and 660 feet from the East line of said Section 34 and drilled to a depth sufficient to test all formations from the surface to the base of the Morrow 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, provisions governing subsequent operations on the pooled units, 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 14 miles south of Artesia, New Mexico.

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JUN - 1 2004

**Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505**



June 3, 2004

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED PARTIES:

Re: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Nearburg Exploration Company, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in all formations from the surface through the base of the Morrow formation in certain standard gas spacing and proration units comprised of the E/2 of Section 34, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. Nearburg proposes to dedicate the referenced pooled unit to its Wertheim "34" Well No. 1 to be re-entered and drilled at a standard location 1980 feet from the South line and 660 feet from the East line of said Section 34.

This application has been set for hearing before a Division Examiner on June 24, 2004. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement at the Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 at least three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

ATTORNEY FOR NEARBURG EXPLORATION COMPANY, L.L.C.

Enclosure

cc: Mr. Robert Shelton
Nearburg Exploration Company L.L.C.