

**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:**

**APPLICATION OF NEARBURG EXPLORATION
COMPANY, L.L.C. FOR A NON-STANDARD OIL
SPACING AND PRORATION UNIT, UNORTHODOX
OIL WELL LOCATIONS, AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 14,787

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Nearburg Exploration Company, L.L.C.
Building 2, Suite 120
3300 North A Street
Midland, Texas 79705

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attention: Russell Wickman
(432) 686-8235

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a non-standard oil spacing and proration unit in the Devonian formation comprised of the W/2NW/4 of Section 8, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, approving unorthodox oil well locations in the Strawn and Devonian formations, and pooling all mineral interests in the Devonian formation underlying the non-standard unit. Applicant proposes to drill the Midway 8 State Well No. 1 at an unorthodox location 925 feet from the north line and 1644 feet from the west line of Section 8, to a depth sufficient to test the Strawn formation, and will dedicate the NE/4NW/4 of Section 8 to the well in the Strawn formation. In the event the well does not result in commercial Strawn production, applicant plans to directionally drill the well to an unorthodox bottom hole location

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approximately 1139 feet from the north line and 1195 feet from the west line of Section 8 to test the Devonian formation (Midway-Devonian Pool). Applicant requests that a non-standard spacing and proration unit comprised of the W/2NW/4 of Section 8 be dedicated to the well, to be re-named the Midway 8 State Com. Well No. 1, and pooling all mineral interest owners in the Devonian formation underlying the W/2NW/4 of Section 8. Also to be considered will be the cost of drilling and completing the 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 200% charge for the risk involved in drilling and completing the well.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Russell Wickman (landman)	15 min.	Approx. 5
_____ (geologist)	10 min.	Approx. 4
_____ (engineer)	20 min.	Approx. 5

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
 Post Office Box 1056
 Santa Fe, New Mexico 87504
 (505) 982-2043

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