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May 14, 2013

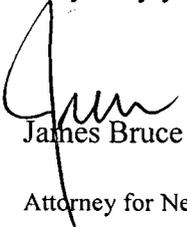
Case 14995

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Nearburg Exploration Company, L.L.C., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set the application for the June 13, 2013 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

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

Parties Being Pooled

Nearburg Exploration Company, L.L.C.  
P. O. Box 823085  
Dallas, Texas 75382-3085

OXY USA WTP, LP  
Attn: Patrick Sparks  
P. O. Box 4294  
Houston, TX 77210-4294

XTO Energy Inc.  
Attn: Dylan Boyer, Landman  
810 Houston Street  
Fort Worth, TX 76102-6298

Zia Royalty  
c/o Chuck Moran  
310 W. Wall Street, Suite 300  
Midland, TX 79701

Beveridge Company  
c/o Bob Elliott  
310 W. Wall Street, Suite 300  
Midland, TX 79701

Realeza Del Spear  
c/o Spear Brothers Group  
Attn: Shane Spear  
P. O. Box 1684  
Midland, TX 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 14995

APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the surface to the top 200 feet of the Mississippian formation underlying the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20, and has the right to drill a well thereon.
2. Applicant proposes to drill the West Lovington 20 Well No. 1, at an orthodox location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20, to a depth sufficient to test the top 200 feet of the Mississippian formation, and seeks to dedicate the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20 to the well to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the South Midway-Strawn Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling and completion 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 NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20, pursuant to NMSA 1978 §70-2-17.

5. The granting of this application 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 NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20 from the surface to the top of the Mississippian formation;
- B. Designating Nearburg Producing Company as operator of the well;
- C. Considering the cost of drilling 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 the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

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

PROPOSED ADVERTISEMENT

Case No. 14995:

*Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the top 200 feet of the Mississippian formation underlying the NW/4NW/4 of Section 20, Township 17 South, Range 37 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent, including the South Midway-Strawn Pool. The unit is to be dedicated to the West Lovington 20 Well No. 1, to be drilled at an orthodox oil well location in the NW/4NW/4 of Section 20. 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. The unit is located approximately 4-1/2 miles northwest of Humble City, New Mexico.

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