

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

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**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 LOCATION, AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 14,996

SECOND AMENDED 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

Attention: Ken Dixon
(432) 686-8235

APPLICANT'S ATTORNEY

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

OPPONENT

OXY USA WTP LP

OPPONENT'S ATTORNEY

Germaine Chappelle

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a non-standard oil spacing and proration unit comprised of the S/2NE/4 of Section 17, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, approving an unorthodox oil well location, and pooling all mineral interests from the surface to the top 200 feet of the Mississippian formation underlying the non-standard unit. Applicant proposes to drill the Sapient 17 Well No. 1 at an unorthodox surface location 1641 feet from the north line and 1225 feet from the east line, and a bottom hole location 1691 feet from

the north line and 1225 from the east line, of Section 17, to a depth sufficient to test the top 200 feet of the Mississippian formation, and will dedicate the S/2NE/4 of Section 17 to the well. 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

WITNESSES

EST. TIME

EXHIBITS

Tim Spear
(engineer)

Bill Elton
(geologist)

APPLICANT DOES NOT INTEND TO PRESENT ANY ADDITIONAL DIRECT TESTIMONY, BUT IT RESERVES THE RIGHT TO PRESENT ONE OR BOTH WITNESSES FOR REBUTTAL PURPOSES.

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
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(505) 982-2043

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