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William F. Carr

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July 1, 2003

RECEIVED

JUL 1 2003

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Oil Conservation Division

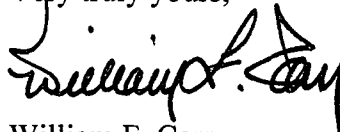
*Case 1311*

**Re: Application of Nearburg Exploration Company, L.L.C. for Compulsory  
Pooling, Eddy County, New Mexico**

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Nearburg Exploration Company, L.L.C. in the above-referenced case as well as a copy of the legal advertisement. Nearburg Exploration Company, L.L.C., requests that this matter be placed on the docket for the July 24, 2003 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Duke Roush (w/enclosures)

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

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JUL 1 2003

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

Oil Conservation Division

CASE NO. 13111

**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 all mineral interests in all formations in the following described spacing and proration units located in Section 5, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool, and the Undesignated Gatuna Canyon-Atoka Gas; and the NE/4 for all formations and/or pools developed on 160-acre spacing; and in support of its application states:

1. Nearburg is a working interest owner in the E/2 of Section 5 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing and proration units to its Red Cloud Federal Com Well No. 5 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 5, to an approximate depth of 12,300 feet to test any and all formations from the surface to the base of the Morrow formation. This well is at a standard location for all formations and pools.

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 Amended Application be set for hearing before an Examiner of the Oil Conservation Division on July 24, 2003, 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

- F. 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

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 SECTION 5, TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM**  
**EDDY COUNTY, NEW MEXICO.**

**NOTIFICATION LIST**

Devon Energy Corporation  
20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260  
Attention: Richard Winchester

Occidental Permian  
Post Office Box 50250  
Midland, Texas 79710  
Attention: Doug Hurlbut

Yates Petroleum Corporation  
Yates Drilling Company  
MYCO Industries, Inc.  
ABO Petroleum Corp.  
105 South Fourth Street  
Artesia, New Mexico 88210

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William F. Carr

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July 1, 2003

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED INTEREST OWNERS:**

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

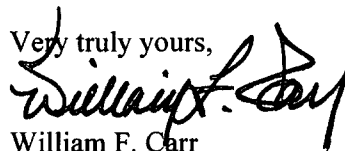
Ladies and Gentlemen:

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 compulsory pooling of certain spacing and proration units in the E/2 of Section 5, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to Nearburg Exploration Company, L.L.C.'s proposed Red Cloud "5" Federal Com Well No. 1 which it proposes to drill at a standard gas well location in the SE/4 NE/4 of said Section 5 to test all formations from the surface to the basement.

This application has been set for hearing before a Division Examiner on July 10, 2003. 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 with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, 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

cc: Duke Roush  
Nearburg Exploration Company, L.L.C.