

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

RECEIVED

2009 JUN 12 PM 1 22

January 12, 2009

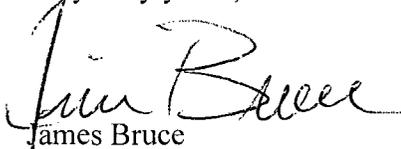
Case 14272

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 and an unorthodox gas well location, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set the application for the February 19, 2009 Examiner hearing. Thank you.

Very truly yours,


James Bruce

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

Parties Being Pooled

BP America Production Company
501 Westlake Park Blvd., WL1 6.110
Houston, Texas 77079

Attention: Land Department

Bonnie Powell
5071 Rio Penasco Road
Hope, New Mexico 88250

Eva Troike
630 32nd Street
Richmond, California 94804

Neva Eichenberger
6713 Glorywhite Street
Lakewood, California 90713

William Ross
3401 South 13th Street
Artesia, New Mexico 88201

Tierra Exploration, Inc.
P. O. Box 56
Midland, Texas 79702

Oxy USA Inc.
P. O. Box 4294
Houston, Texas 77210

Attention: Pat Sparks

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF NEARBURG EXPLORATION
COMPANY, L.L.C. FOR COMPULSORY
POOLING AND AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.**

Case No. 14272

APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Atoka formation underlying the W $\frac{1}{2}$ of Section 24, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 24, and has the right to drill, reenter, rework, or recomplete a well thereon.

2. The Fairchild 24 Well No. 1, located 2100 feet from the north line and 900 feet from the west line of Section 24, was drilled in 1994 to the Morrow formation. Under Division regulations then in effect, the well's location was orthodox when drilled.

3. Applicant proposes to rework or recomplete the Fairchild 24 Well No. 1 in order to test zones from the top of the Wolfcamp formation to the base of the Atoka formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 24 to the well to form a standard 320 acre gas and spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Boyd-Strawn Gas Pool.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 24 for the purposes set forth herein.

5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the reworking or recompletion of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in

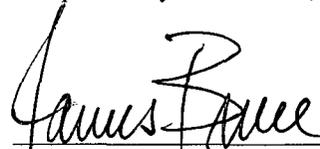
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 24, pursuant to NMSA 1978 §70-2-17.

6. 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 W½ of Section 24 from the top of the Wolfcamp formation to the base of the Atoka formation;
- B. Approving an unorthodox gas well location in zones from the top of the Wolfcamp formation to the base of the Atoka formation.
- C. Designating Nearburg Producing Company as operator of the well;
- D. Considering the cost of reworking or recompleting the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in reworking or recompleting the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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. 14272:

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Atoka formation underlying the W/2 of Section 24, Township 19 South, Range 25 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Boyd-Strawn Gas Pool. The unit is to be dedicated to the existing Fairchild 24 Well No. 1, to be reworked or recompleted at an unorthodox gas well location 2100 feet from the north line and 900 feet from the west line of Section 24. Also to be considered will be the cost of reworking and recompleting 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 reworking and recompleting the well. The unit is located approximately 4 miles north-northwest of Seven Rivers, New Mexico.