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2010 SEP -1 A 9: 14

August 31, 2010

Case 14549

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 September 30, 2010 Examiner hearing. Thank you.

Very truly yours,


James Bruce

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

Parties Being Pooled

Elliot-Hall Company
Elliot Industries Limited Partnership
P.O. Box 1355
Roswell, New Mexico 88202

Edge Petroleum Exploration Company
Suite 2000
2000 West Sam Houston Parkway South
Houston, Texas 77042

Attention: William S. Michalak

Pure Energy Group, Inc.
Suite 218
22610 U.S. Highway 281 North
San Antonio, Texas 78258

Chisos, Ltd.
670 Dona Ana Road SW
Deming, New Mexico 88030

Northern Trust Company, Agent for
Shriners Hospital for Children
16771 Dallas Parkway
Addison, Texas 75001

Attention: Davilyn C. Gray

Shriners Hospital for Children
2900 Rocky Point Drive
Tampa, Florida 33607

Attention: Tom Guthry

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2010 SEP -1 A 9: 14

Case No. 14549

APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Permo Penn formation underlying the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 12, Township 12 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 12, and has the right to drill a well thereon.
2. Applicant proposes to drill the Rocking 12Well No. 1 at an orthodox location in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12 to a depth sufficient to test the Permo Penn formation, and seeks to dedicate the following acreage to the well:
 - (a) the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12 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; and
 - (b) the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 12 to form a standard 80 acre oil and spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 12 for the purposes set forth herein.

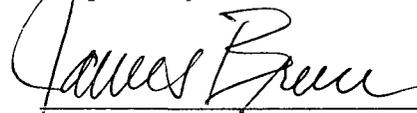
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling and completion of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests to the well, 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 N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 12, 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 N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 12 from the surface to the base of the Permo Penn 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,



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. 14549 :

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Permo Penn formation underlying the N/2NE/4 of Section 12, Township 12 South, Range 32 East, NMPM, and in the following manner: The N/2NE/4 to form a standard 80-acre oil spacing and proration unit for all pools or formations developed on 80-acre spacing within that vertical extent; and the NW/4NE/4 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. The units are to be dedicated to the Rocking 12 Well No. 1, to be drilled at an orthodox location in the NW/4NE/4 of Section 12. 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 7 miles south-southeast of Caprock, New Mexico.