

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

JUN 10 1998

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

CASE NO. 11563

**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 developed on 80-acre spacing in Lots 15 and 16 of Section 3 including but not limited to the West Lovington-Strawn Pool, and for all formations developed on 40-acre spacing in Lot 16 of Section 3 including but not limited to the West Lovington-Strawn Pool, all in Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Nearburg owns or represents more than 54% of the working interest in the proposed spacing or proration units in Section 3, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Nike "3" No. 1 Well to be drilled to a standard location 2970 feet from the South line and 330 feet from the East line of said Section 3, to a depth of approximately 12,300 feet to test any and all formations developed to the base of the Mississippian formation.
3. Applicant has sought and been unable to obtain either voluntary agreement for

pooling or farmout from certain interest owners in the subject spacing units.

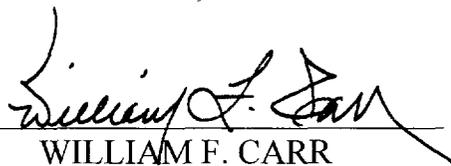
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 Exploration Company, L.L.C. should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on July 11, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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& SHERIDAN, P.A.

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