

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

RECEIVED

7/11/96 CASE NO. 11575

Oil Conservation Division

ENTRY OF APPEARANCE
AND
MOTION TO DISMISS OR IN THE ALTERNATIVE
MOTION FOR A CONTINUANCE

Hinkle, Cox, Eaton, Coffield & Hensley, L.L.P. hereby enters its appearance in this case on behalf of Amoco Production Company ("Amoco").

Amoco, for its motion to dismiss, or in the alternative motion for a continuance, states:

1. Amoco is a lessee of the land which is the subject of this pooling application.

2. This application is scheduled for hearing on July 25, 1996. To get on the July 25th docket, Nearburg Exploration Company, L.L.C. ("Nearburg") had to have filed its application with the Division by July 2, 1996.

3. The first correspondence from Nearburg to Amoco was by letter dated June 19, 1996, a copy of which is attached hereto as Exhibit A. This letter was not received by Amoco until June 26, 1996. Other than requesting Amoco's participation in the well, it gives no farmout or purchase terms.

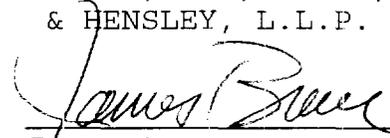
4. The letter notifying Amoco of the hearing in this case has never been delivered to Amoco's landman.

5. Amoco has an approximate 45% working interest in the proposed well, as identified in the ownership schedule attached to Nearburg's proposed operating agreement, attached as Exhibit B.

6. As a result of the foregoing (a) Nearburg's negotiations with Amoco are insufficient to satisfy N. M. Stat. Ann. §§ 70-2-17, 18 (1995 Repl. Pamp.), and (b) Amoco, which has a much larger interest in the well than Nearburg, has had insufficient time to evaluate its participation in the proposed well.

WHEREFORE, Amoco respectfully requests that this application be dismissed and that Nearburg be required to conduct proper negotiations with Amoco in an attempt to secure its voluntary joinder in the well. In the alternative, Amoco requests that this application be continued for four weeks to give the parties time to conduct proper negotiations regarding the proposed well.

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.



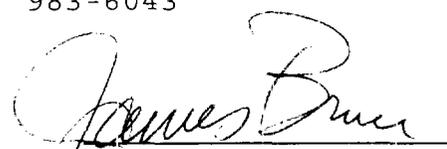
James Bruce
P.O. Box 2068
Santa Fe, NM 87504
(505) 982-4554

Attorneys for Amoco Production
Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent via facsimile transmission this 29th day of July, 1996 to:

William F. Carr
P.O. Box 2208
Santa Fe, New Mexico 87504
Fax: (505) 983-6043



James Bruce

RECEIVED

JUN 26 1996

Nearburg Exploration Company, L.L.C.

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7808

Stella, Mark + Dave

① Is location satisfactory to Amoco? If not lets notify Nearburg ASAP to discuss our location + provide input early.

② Nearburg's Exhibit "A" interest for Amoco is 45.3125% W.I.

*Jerry West
7/2/96*

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 19, 1996

TO: WORKING INTEREST OWNERS
(Distribution list attached)

Re: Well Proposal; Artesia "34" State Com Well No. 1
1650' FSL and 990' FWL of Section 34,
T-17-S, R-28 E, Eddy County, New Mexico
Artesia Prospect

Dear Working Interest Owner:

Enclosed herewith please find an AFE prepared by Nearburg Producing Company for the captioned well at a proposed location of 1650' FSL and 990' FWL of Section 34, T-17-S, R-28-E, Eddy County, New Mexico. Nearburg Exploration Company, L.L.C. (Nearburg) proposes the drilling of this well to a depth of 10,900' to test the Morrow formation. This well is proposed on a 320-acre proration unit consisting of the W/2 of Section 34, T-17-S, R-28-E, Eddy County, New Mexico.

Nearburg would like to drill this well as soon as possible and pursuant thereto, we have enclosed an Operating Agreement dated June 14, 1996 covering the proration unit for the well, limited in depth as reflected on Exhibit "A" attached to the Operating Agreement. We invite you to participate in the drilling of this well.

If you elect to participate in the drilling of this well, please execute the extra set of signature pages and a copy of the enclosed AFE, and return to Nearburg at the letterhead address at your earliest convenience.

If you have any questions, please feel free to contact the undersigned.

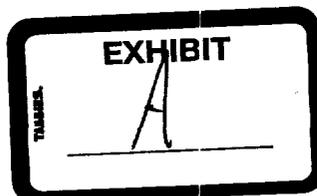
Yours very truly,



Bob Shelton
Land Manager

BS:kg

Enclosures



**Artesia "34" State Com #1 Well
Distribution:**

**Amoco Production Company
Attn: Mr. Jerry D. West
P. O. Box 3092
Houston, Texas 77253**

**The Moore Trust
P. O. Box 1733
Midland, Texas 79702**

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 86210**

**Louis Dreyfus Gas Holdings, Inc.
1400 Quail Springs Pkwy., Suite 600
Oklahoma City, Oklahoma 73102**

**Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702**

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OPERATING AGREEMENT DATED THE 14TH DAY OF JUNE, 1996, BETWEEN NEARBURG PRODUCING COMPANY, AS OPERATOR, AND NEARBURG EXPLORATION COMPANY, L.L.C., ET AL, AS NON-OPERATORS

I. Identification of Lands Subject to this Agreement:

The West Half (W/2) of Section 34, T-17-S, R-28-E, Eddy County, New Mexico

II. Restrictions as to Depths or Formations:

This agreement is limited in depth from an interval between 4,000' and the base of the Morrow formation in SW/4, SW/4 NW/4, SE/4 NW/4; the base of the Lovington formation in NE/4 NW/4; and none as to the NW/4 NW/4.

III. Percentages of Parties to this Agreement:

Nearburg Exploration Company, L.L.C.	0.9983%
The Moore Trust	6.2500%
Yates Petroleum Corporation	1.1284%
Louis Dreyfus Gas Holdings, Inc.	0.9983%
Atlantic Richfield Company	45.3125%
Amoco Production Company	45.3125%
	100.0000%

IV. Oil and Gas Leases Subject to this Agreement:

1. Lease Number: NM B-2071-6
 Lease Date: 08/10/33
 Lessor: State of New Mexico
 Original Lessee:
 Description: Insofar as said lease covers the SW/4 of Section 34, T-17-S, R-28-E, Eddy County, New Mexico as to rights below 4,000'
2. Lease Number: NM 647-371
 Lease Date: 11/14//37
 Lessor: State of New Mexico
 Original Lessee:
 Description: SE/4 NW/4 of Section 34, T-17-S, R-28-E, Eddy County, New Mexico as to rights below 4,000'
3. Lease Number: NM E-7116
 Lease Date: 05/11//53
 Lessor: State of New Mexico
 Original Lessee:
 Description: NE/4 NW/4 of Section 34, T-17-S, R-28-E, Eddy County, New Mexico as to rights below the base of the Lovington formation
4. Lease Number: NM E-949
 Lease Date: 08/10/46
 Lessor: State of New Mexico
 Original Lessee:
 Description: NW/4 NW/4 of Section 34, T-17-S, R-28-E, Eddy County, New Mexico
5. Lease Number: NM 647-364
 Lease Date: 11/14//22
 Lessor: State of New Mexico
 Original Lessee:
 Description: SW/4 NW/4 of Section 34, T-17-S, R-28-E, Eddy County, New Mexico as to rights below 4,000'

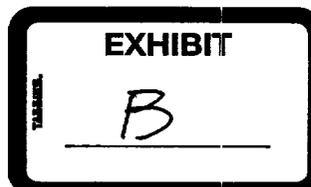


Exhibit "A" Page -2-

V. Addresses of Parties to this Agreement:

Nearburg Producing Company
3300 North "A" Street, Bldg. 2, Ste. 120
Midland, Texas 79705

Nearburg Exploration Company
3300 North "A" Street, Bldg. 2, Ste. 120
Midland, Texas 79705

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

The Moore Trust
P. O. Box 1733
Midland, Texas 79702

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Louis Dreyfus Gas Holdings, Inc.
14000 Quail Spring Pkwy.
Oklahoma City, Oklahoma 73102

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702