

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

RECEIVED

JUL 2 1996

Oil Conservation Division

CASE NO. 11575

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 320-acre spacing in the W/2 of Section 34; in all formations developed on 160-acre spacing in the SW/4 of Section 34; in all formations developed on 80-acre spacing in the W/2 SW/4 of Section 34; and in all formations developed on 40-acre spacing in the NW/4 SW/4 of Section 34, of Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Nearburg is the owner of working interest in the W/2 of said Section 34 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Artesia "34" State Com Well No. 1 to be drilled to a standard location 1650 feet from the South line and 990 feet from the West line of said Section 34 to test any and all

formations from a depth of 4,000 feet to the base of the Morrow formation, Illinois Camp-Morrow Gas Pool.

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.

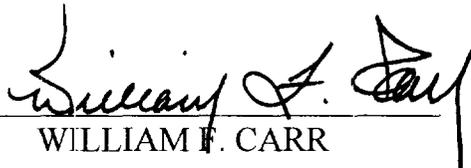
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 amended application be set for hearing before an Examiner of the Oil Conservation Division on July 25, 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,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

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.