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December 17, 1996

**HAND-DELIVERED**

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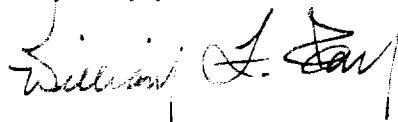
William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

Re: Application of Nearburg Exploration Company, L.L.C., for Compulsory  
Pooling and an Unorthodox Well Location, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Nearburg Exploration Company, L.L.C., in the above-referenced case as well as a copy of the legal advertisement. Nearburg Exploration Company, L.L.C., respectfully requests that this matter be placed on the docket for the January 9, 1997 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh  
Enclosures

cc: Mr. Michael M. Gray (w/enclosures)  
Nearburg Exploration Company, L.L.C.  
3300 North "A" Street  
Building 2, Suite 120  
Midland, TX 79705

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF NEARBURG EXPLORATION COMPANY, L.L.C.  
FOR COMPULSORY POOLING AND AN  
UNORTHODOX WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 11689

**APPLICATION**

NEARBURG EXPLORATION COMPANY, L.L.C., 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 the E/2 of Section 12, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and for an unorthodox well location, and in support thereof states:

1. Applicant owns a working interest in the E/2 of Section 12, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Minis 12 Federal Com No. 1 Well to be drilled to an unorthodox location 990 feet from the North line and 660 feet from the East line in the E/2 of said Section 12, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation, Hat Mesa-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 E/2 of said Section 12.

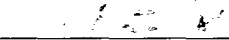
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 January 9, 1997 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 and approving an unorthodox well location 990 feet from the North line and 660 feet from the East line of said Section 12.

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.

CASE 11689:

Application of Nearburg Exploration Company, L.L.C., for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, Hat-Mesa Morrow Gas Pool, underlying the E/2 of Section 12, Township 21 South, Range 32 East. Said unit is to be dedicated to its Minis 12 Federal Com No. 1 Well to be drilled to an unorthodox well location 990 feet from the North line and 660 feet from the East line of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately \_\_\_\_ miles \_\_\_\_\_ of \_\_\_\_\_, New Mexico.