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November 14, 2000

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

622 12551

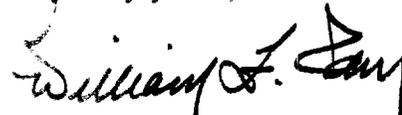
NOV 14 AM 12:09  
OIL CONSERVATION DIV

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

Dear Ms. Wrotenbery:

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., requests that this matter be placed on the docket for the December 7, 2000 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Duke Roush (w/enclosures)  
Nearburg Producing Company, L.L.C.  
3300 North "A" Street  
Building 2, Suite 120  
Midland, TX 79705

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

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

CASE NO. 2581

OIL CONSERVATION DIV.  
NOV 14 AM 12:59

**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 in the following described spacing and proration units located in Section 14, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Wilson-Morrow Gas Pool and the Undesignated South Wilson-Pennsylvanian Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing, and in support of its application states:

1. Nearburg is a working interest owner in the S/2 of Section 14 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Side Pocket "14" State Com Well No. 1 to be drilled at a standard location 1980 feet

from the South line and 660 feet from the East line of said Section 14, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from the interest owners in the S/2 of Section 14 identified on Exhibit A to this application.

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 Producing Company should be designated the operator of the well to be drilled.

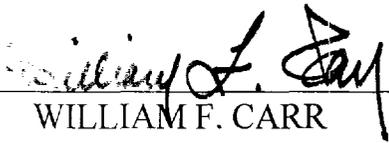
WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2000, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Nearburg Producing Company operator of these units and the well to be drilled thereon,
- C. authorizing Nearburg to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and

- E. imposing a penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of 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.

**EXHIBIT A**

**APPLICATION OF  
NEARBURG EXPLORATION COMPANY, L.L.C.  
FOR COMPULSORY POOLING  
S/2 OF SECTION 14, TOWNSHIP 21 SOUTH, RANGE 34 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO**

Kaiser-Francis Oil Company  
Post Office Box 21468  
Tulsa, Oklahoma 74121  
Attention: Debbie Stout

Southwestern Energy Production Company  
2350 N. Sam Houston Parkway East, Suite 300  
Houston, Texas 77032

Phillips Petroleum Company  
4001 Penbrook  
Odessa, Texas 79762  
Attention: Randy Lewicki

Matador Petroleum Corporation  
8340 Meadow Road, Suite 158  
Dallas, Texas 75231

Arcadia Exploration company  
3838 Oak Lawn Avenue  
Dallas, Texas 75219

Marathon Oil Company  
Post Office Box 552  
Midland, Texas 79702

CASE 12551 :

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the following described spacing and proration units in Section 14 Township 21 South, Range 34 East as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Wilson-Morrow Gas Pool and the Undesignated South Wilson- Pennsylvanian Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing. Said unit is to be dedicated to its Side Pocket "14" State Com Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line of said Section 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles Southeast of Halfway, New Mexico.