

**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. 12708

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APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. 1978, Section 70-2-17, for an order pooling all mineral interests under the following acreage in Section 32, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, from the surface to the base of the Morrow formation, in the following manner:

- A. the W/2 to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not necessarily limited to the West La Rica Morrow Gas Pool;
- B. the SW/4 to form a standard 160-acre spacing and proration unit for formations developed on 160-acre spacing within that vertical extent;
- C. The W/2 SW/4 to form a standard 80-acre spacing and proration unit for formations developed on 80-acre spacing within that vertical extent, including but not necessarily limited to the EK-Bone Spring Pool;
- D. the SW/4 SW/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent, including but not necessarily limited to the EK Yates-Seven Rivers-Queen Oil Pool.

Said spacing and proration units are to be dedicated to Nearburg's proposed Wapiti "32" State Com Well No. 2, to be drilled at standard location in the SW/4 SW/4 of said Section 32.

In support of its application, Nearburg states:

1. Nearburg is a working interest owner in said Section 32 and has the right to drill thereon.

2. Nearburg proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the SW/4 of said Section 32, to a depth sufficient to test any and all formations to the base of the Morrow formation.

3. Nearburg has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from those interest owners 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 August 9, 2001, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Nearburg Producing Company operator of these spacing and proration units, and authorizing Nearburg Exploration Company, L.L.C. to recover its costs of drilling,

equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Nearburg in drilling, completing and equipping the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 
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ATTORNEYS FOR NEARBURG EXPLORATION
COMPANY, L.L.C.

**EXHIBIT A
NOTIFICATION LIST
APPLICATION OF NEARBURG EXPLORATION COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**SECTION 32, TOWNSHIP 18 SOUTH, RANGE 34 EAST,
NMPM, LEA COUNTY, NEW MEXICO**

Matador E & P Company, Inc.
Suite 158 Pecan Creek
8340 Meadow Road
Dallas, Texas 75231-3751

CASE ~~12708~~ 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 under the following acreage in Section 32, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, from the surface to the base of the Morrow formation, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not necessarily limited to the West La Rica Morrow Gas Pool; the SW/4 to form a standard 160-acre spacing and proration unit for formations developed on 160-acre spacing within that vertical extent; the W/2 SW/4 to form a standard 80-acre spacing and proration unit for formations developed on 80-acre spacing within that vertical extent, including but not necessarily limited to the EK-Bone Spring Pool; and, the SW/4 SW/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent, including but not necessarily limited to the EK Yates-Seven Rivers-Queen Oil Pool. Applicant proposes to dedicate these pooled units to its proposed Wapiti "32" State Com Well #2, to be drilled at a standard gas well location in the SW/4 SW/4 of said Section 32. Also to be considered will 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 23 miles northwest of Hobbs, New Mexico.