

**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,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 12819

OIL CONSERVATION DIV.
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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.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 19 South, Range 31 East, NMPM, Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Greenwood-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Lusk-Strawn Gas Pool; and the NW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Hackberry-Delaware Pool, Undesignated West Lusk-Yates Pool, Undesignated Shugart-Yates-Seven Rivers-Queen-Grayburg Pool, and the West Lusk-Bone Spring Pool and in support of its application states:

1. Nearburg is a working interest owner in the W/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 Chaparral "14" Fed. Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Section 14, to an approximate depth of 12,600 feet to test any and all formations from the surface to the base of the Morrow formation. This well is at a standard location for all formations and pools.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units with 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.

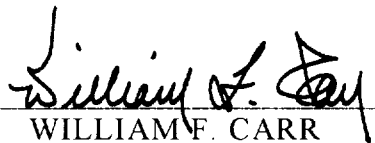
WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on February 21, 2002, and, after notice and hearing as required by law, the Division enter its order:

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,
- E. providing for subsequent operations on the pooled acreage in accordance with the operating agreement between the parties, and
- F. imposing a 200% penalty for the risk assumed by Nearburg in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART, LLP

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,
W/2 SECTION 14, TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
EDDY COUNTY, NEW MEXICO.

NOTIFICATION LIST

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Lynx Petroleum Consultants, Inc.
Post Office Box 1708
Hobbs, New Mexico 88241

Ben Alexander
Post Office Box 1331
Hobbs, New Mexico 88241

Seven Rivers, Inc.
Post Office Box 1598
Carlsbad, New Mexico 88220

Watson Truck and Supply, Inc.
Post Office Box 10
Hobbs, New Mexico 88241

ABC Rental Tool Company, Inc.
Post Office Box 556
Eunice, New Mexico 88231

Powderhorn Investments, L.L.C.
Post Office Box 2503
Hobbs, New Mexico 88241

Dasco Energy Corporation
c/o DA&S Oil Well Servicing, Inc.
5208 North Lovington Highway
Hobbs, New Mexico 88240-9112

Lowell B. Deckert, MSU
710 West Cielo Drive
Hobbs, New Mexico 88240-2207

W. Wes Perry Oil and Gas, Inc.
Post Office Box 371
Midland, Texas 79702

FJK Investments
c/o Gary Fonay
306 E. Jemez Street
Hobbs, New Mexico 88240-3438

Kent Gabel, MSU
8917 Dove Road
Canyon, Texas 79705

Larry R. Scott, MSU
c/o Lynx Petroleum
Post Office Box 1708
Hobbs, New Mexico 88240

CASE 12819: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy 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 19 South, Range 31 East as follows: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Greenwood-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Lusk-Strawn Pool, and the NW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Hackberry-Delaware Pool, Undesignated West Lusk-Yates Pool Undesignated Shugart-Yates-Seven Rivers-Queen-Grayburg Pool and the West Lusk-Bone Spring Pool. Said well is to be dedicated to its Chaparral "14" Federal Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the West 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, provisions governing subsequent operations on the pooled units, 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 16 miles southeast of Loco Hills, New Mexico.