

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

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:**

CASE NO. 12901

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

PRE-HEARING STATEMENT

Holland & Hart LLP submits this Pre-Hearing Statement as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Nearburg Exploration Company, L.L.C.
Attention: Bob Shelton
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
(915) 686-8235

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in Section 7, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico: The E/2 for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to

the Undesignated Osudo-Morrow Gas Pool, Undesignated Wilson-Atoka Gas Pool and the Undesignated Wilson-Morrow Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Wilson Yates–Seven Rivers Associated Pool and the Undesignated Wilson-Strawn Pool; the E/2 NE/4 for all formations and/or pools developed on 80-acre spacing; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Packer “7” State Com Well No. 1 to be drilled at standard location 1980 feet from the North line and 660 feet from the East line of said Section 7 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 20 miles southwest of Hobbs, New Mexico.

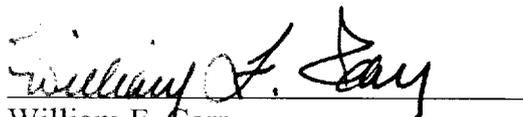
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Duke Roush (Landman)	Approx. 30 Minutes	8
Terry Durham (Geophysist)	Approx. 30 Minutes	6

PROCEDURAL MATTERS

Nearburg Exploration Company, L.L.C., has none at this time.



William F. Carr

Attorney for Nearburg Exploration Company, L.L.C.