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January 25, 1989

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JAN 25 1989

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

OIL CONSERVATION DIVISION

Case 9601

Re: In the Matter of the Application of Nearburg Producing
Company for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed is an Application for Nearburg Producing Company in the
above-referenced case. Nearburg Producing Company respectfully
requests that this matter be placed on the docket for the Examiner
hearings scheduled on February 15, 1989.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Mark K. Nearburg
Nearburg Producing Company

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BEFORE THE

JUN 28 1989

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
NEARBURG PRODUCING COMPANY FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 9601

APPLICATION

COMES NOW APPLICANT, NEARBURG PRODUCING COMPANY, by and through its undersigned attorneys, and as provided by N.M.S.A. § 70-2-17, hereby makes application to the Oil Conservation Division for an order pooling all of the mineral interests in the Morrow formation in and under the S/2 of Section 7, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or has farmouts for 65.125% of the working interest in and under the S/2 of Section 7, and Applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Wilcox 7L # 1 Well to be drilled at an unorthodox location in the S/2 of said Section 7, to a depth sufficient to test all formations to the base of the Morrow formation, West Four Mile Draw-Morrow Gas Pool. The unorthodox location for this well was approved by Oil Conservation Division Order R-8846 which was entered on January 10, 1989.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the S/2 of said Section 7, except for the interest owners set out on Exhibit "A" attached hereto.

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, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 15, 1989, and that 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 making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: William F. Carr

WILLIAM F. CARR

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ATTORNEYS FOR NEARBURG
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EXHIBIT A

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