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August 14, 1990

HAND-DELIVERED

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87501

RECEIVED
AUG 14 1990
OIL CONSERVATION DIVISION

Case 10033

Re: Application of Nearburg Producing Company for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Stogner:

Enclosed in triplicate is the application of Nearburg Producing Company seeking an Order compulsory pooling the N/2 NW/4 of Section 17, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

As we discussed on August 13, 1990 the well which is currently drilling in the NE/4 NW/4 of Section 17 was spudded after July 1, 1990 and, therefore, Division Order No. R-9168 expired of its own terms prior to the commencement of this well.

On August 8, 1990 Nearburg appeared before you and sought amendment of that Order to pool the N/2 NW/4 of Section 17 in lieu of the E/2 NW/4. Since this Order has expired of its own terms, Nearburg Producing Company requests that Case 10034 be dismissed.

Enclosed is an application seeking an Order compulsory pooling the N/2 NW/4 of Section 17. On this date I have provided notice to those parties affected by this application. At the time this matter comes on for hearing I will request that the record in Case 9909 and 10034 be incorporated into the record of this matter, will provide an affidavit conforming notice of this application has been provided to all owners as required by OCD Rules and will, at that time request that the case be taken under advisement.

Mr. Michael E. Stogner
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I appreciate your assistance with this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bill Carr". The signature is written in a cursive style with a large, sweeping initial "W" and "C".

WILLIAM F. CARR

WFC:mlh

Enclosure

cc w/enc.: Mark Nearburg

RECEIVED
AUG 14 1990
OIL CONSERVATION DIVISION

BEFORE THE
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,
LEA COUNTY, NEW MEXICO.

CASE NO. 10033

APPLICATION

COMES NOW NEARBURG PRODUCING COMPANY, by and through its undersigned attorneys, and as provided by N.M.Stat.Ann. §70-2-77 (1978), hereby makes application to the Oil Conservation Division for an Order pooling all of the mineral interests in the Pennsylvanian formation in and under the N/2 NW/4 of Section 17, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant owns approximately 66% of the working interest in and under the N/2 NW/4 of Section 17.

2. By Order No. R-9168 the Division pooled all interests in the E/2 NW/4 of Section 17 to form a standard 80-acre oil spacing unit in the Northeast Lovington Pennsylvanian Pool comprised of the E/2 NW/4 of Section 17.

3. In Case 10034, heard by the Division on August 8, 1990, Nearburg sought amendment of Order No. R-9168 to permit the dedication of the N/2 NW/4 in lieu of the E/2 NW/4 to the well it is currently drilling in the NE/4 NW/4 of said Section 17. This change in the dedicated acreage will enable Nearburg to offset a well recently drilled

which directly offsets Nearburg in the SW/4 NE/4 of Section 17.

4. Order No. R-9168 provided that Nearburg should commence drilling on or before July 1, 1990. However, the well in the NE/4 NW/4 of Section 17 was not spudded until July 16, 1990 and Order No. R-9168 therefore became null and void by its own terms.

5. Applicant proposes to dedicate the N/2 NW/4 of Section 17 to the well currently being drilled at a standard location in the NE/4 NW/4 of Section 17 to a depth sufficient to test all formations to the base of the Strawn formation.

6. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all interest owners in the proposed spacing unit except for:

Rebel Oil Company 303 W. Wall Street, Suite 1600 Midland, Texas 79701	1.56% WI
Adolph Schweizer (address unknown)	.35% MI
Ann Fox (address unknown)	.35% MI

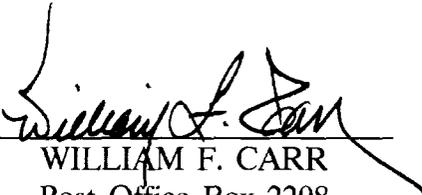
7. Said pooling of interest will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

8. 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 in the N/2 NW/4 of Section 17 should be pooled, and Applicant should be designated the operator of the well to be drilled thereon.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on September 5, 1990, 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: 
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ATTORNEYS FOR NEARBURG
PRODUCING COMPANY