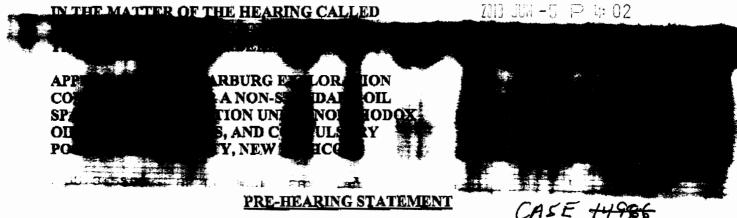
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION



PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation 14996 Division.

APPEARANCES

APPLICANT

Nearburg Exploration Company, L.L.C. Building 2, Suite 120 3300 North A Street Midland, Texas 79705

Attention:

Ken Dixon

(432) 686-8235

OPPONENT

APPLICANT'S ATTORNEY

James Bruce P.O. Box 1056 Santa Fe, New Mexico 87504 (505) 982-2043

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a non-standard oil spacing and proration unit comprised of the S/2NE/4 of Section 17, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, approving an unorthodox oil well location, and pooling all mineral interests from the surface to the top 200 feet of the Mississippian formation underlying the non-standard unit. Applicant proposes to drill the Sapient 17 Well No. 1 at an unorthodox surface location 1641 feet from the north line and 1225 feet from the east line, and a bottom hole location 1691 feet from the north line and 1225 from the east line, of Section 17, to a depth sufficient to test the top 200 feet of the Mississippian formation, and will dedicate the S/2NE/4 of Section 17 to the well. Also to be considered will be the cost of drilling and completing the 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 200% charge for the risk involved in drilling and completing the well.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Ken Dixon (landman)	15 min.	Approx. 5
Bill Elton (geologist)	20 min.	Арргох. 5
<u>OPPONENT</u>		

WITNESSES

EST. TIME

-None-

PROCEDURAL MATTERS

James Bruce

Post Office Box 1056

Respectfully submitted,

Santa Fe, New Mexico 87504

(505) 982-2043

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

EXHIBITS