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May 19, 2011

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

Re: NMOCD Case No. 14656: Amended Application of Nearburg Producing Company for Designation of a Non-Standard Oil Spacing and Proration Unit, an Unorthodox Surface Location, Compulsory Pooling, and Cancellation of APD's Issued to Nadel and Gussman Permian LLC, Eddy County, New Mexico (Glass "7" E-H No. 1-H Well)

Dear Ms. Davidson

Enclosed for filing the above case are an original and one copy of Nearburg's Pre-Hearing Statement.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

:kw

Enclosure

cc: James Bruce, Esq.
Gary Larson, Esq.

REPLY TO 81154

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

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**IN THE MATTER OF THE AMENDED
APPLICATION OF NEARBURG PRODUCING
COMPANY FOR DESIGNATION OF A NON-
STANDARD OIL SPACING AND PRORATION UNIT,
AN UNORTHODOX SURFACE LOCATION,
COMPULSORY POOLING, AND CANCELLATION
OF APD'S ISSUED TO NADEL AND GUSSMAN
PERMIAN LLC, EDDY COUNTY, NEW MEXICO**

CASE NO. 14656

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Nearburg producing Company as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Nearburg Producing Company
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705-5421

APPLICANT'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873

OPPOSING PARTY

Nadel and Gussman Permian, LLC
601 N. Marienfeld, Suite 508
Midland, TX 79701

OPPOSING PARTY'S ATTORNEY

Jim Bruce
P. O. Box 1056
Santa Fe, NM 87504
(505) 982-2043

OTHER PARTY

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210-2118

OTHER PARTY'S ATTORNEY

Gary Larson
Hinkle, Hensley, Shanor & Martin, LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554

STATEMENT OF THE CASE

APPLICANT

Nearburg Producing Company seeks an order consolidating the 40-acre spacing units within the S/2 N/2 of Section 7, Township 19 South, Range 26 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Glorieta-Yeso formation for Applicant's horizontal drilling project area. Nearburg further seeks the compulsory pooling of all interests in the Glorieta-Yeso formation underlying the S/2 N/2 of said Section 7 to be dedicated to its Glass "7" E-H No. 1-H Well to be drilled horizontally from an unorthodox surface location 2,080' from the North line and 100' from the East line of Section 12, Township 19 South, Range 25 East to a bottom hole location 2,080' from the North line and 330' from the East line of Section 7, in Township 19 South, Range 26 East, to a depth sufficient to test the Glorieta-Yeso formation. Nearburg also seeks the cancellation of two APD's held by Nadel and Gussman Permian LLC for wells and non-standard units proposed for the E/2 W/2 and the E/2 E/2 of Section 7.

OPPONENT

In Case No. 14623, Nadel and Gussman Permian, LLC seeks an order consolidating the 40-acre spacing units within the W/2 W/2 of Section 7, Township 19 South Range 26 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Glorieta-Yeso formation underlying the W/2 W/2 equivalent of Section 7 to be dedicated to its Long Branch Well No. 1.

In Case Nos. 14624, 14625 and 14626, Nadel and Gussman seeks substantially identical non-standard unit approval and compulsory pooling relief for its Long Branch Well No. 2 (E/2 W/2), Long Branch Well No. 3 (W/2 E/2), and the Long Branch Well No. 4 (E/2 E/2), all within

Section 7, T-19-S R-26-E. These wells, too, are proposed to be drilled to the Glorieta-Yeso formation and all are "stand up" units.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Russell Wickman, Landman	30 minutes	7
Bill Elton, Geologist	20 minutes	6
Tim Speer, Petroleum Engineer	20 minutes	6

OPPOSING PARTY

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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OPPOSING PARTY


<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Cases 14655, 14656, 14623, 14624, 14625 and 14626 should be consolidated for a single hearing on June 9, 2011.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: 

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Attorneys for Nearburg Producing Company

Certificate of Service

I hereby certify that on May 20, 2011, a true and correct copy of the foregoing was deposited with the U.S. Postal Service, with proper postage affixed, addressed as follows:

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