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March 11, 1997

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

11756



Re: Application of Nearburg Exploration Company, L.L.C. for Compulsory
Pooling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate for filing is the Application of Nearburg Exploration Company, L.L.C. in the above-referenced case as well as a copy of the legal advertisement. Nearburg Exploration Company, L.L.C., respectfully requests that this matter be placed on the docket for the April 3, 1997 Examiner hearings.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William F. Carr". The signature is written in dark ink and is positioned above the typed name.

WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Michael Gray (w/enclosures)
Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

CASE NO. 11756

APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing in Lots 9 through 16 of Section 2, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Nearburg owns or represents 75% of the working interest in Lots 9 through 16 of said Section 2 and has the right to drill thereon.
2. Nearburg proposes to dedicate the above-referenced spacing or proration unit to its Sunray State Land 76 Well No. 1 which it proposes to re-enter at a standard location 4620 feet from the South line and 1980 feet from the East line of said Section 2 to test the Atoka formation at an approximate depth of 11,712 feet to 11,730 feet. If the re-entry of the Sunray State Land 76 Well No. 1 is unsuccessful, Nearburg proposes to drill a well on this pooled unit at a standard location to a depth of 12,300 feet or a depth sufficient to test the Atoka formation, which ever is less.

3. Applicant has sought and been unable to obtain either voluntary agreement for the development of this spacing unit from the interest owners identified on Exhibit A to this application.

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

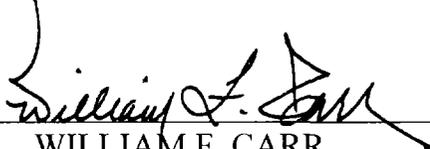
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Nearburg Producing Company, should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this amended application be set for hearing before an Examiner of the Oil Conservation Division on April 3, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions naming Nearburg Producing Company operator of the pool spacing and proration unit and the wells located thereon and authorizing Nearburg 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.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR NEARBURG
EXPLORATION COMPANY, L.L.C.

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

**LOTS 9 THROUGH 16, SECTION 2,
TOWNSHIP 16 SOUTH, RANGE 32 EAST, N.M.P.M.**

Chevron U.S.A. Inc.
Post Office Box 1150
Midland, TX 79702
Attn: Ms. Denise Beckham

Atlantic Richfield Company
Post Office Box 1610
Midland, TX 79702
Attn: Mr. Lee Scarborough

CASE 1756:

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the surface to 12,300 feet or the base of the Atoka formation in all formations, whichever is less, under Lots 9 through 16 of Section 2, Township 16 South, Range 32 East. Said unit is to be dedicated to its Sunray State Land 76 Well No. 1 to be re-entered at a standard location 4620 feet from the South line and 1980 feet from the East line of said Section 2, or, if the proposed re-entry is unsuccessful to a well to be drilled at a standard location to a depth sufficient to test the Atoka 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately __ miles _____ of _____, New Mexico.

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March 11, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Atlantic Richfield Company
Post Office Box 1610
Midland, TX 79702
Attn: Mr. Lee Scarborough

Re: Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling,
Lea County, New Mexico

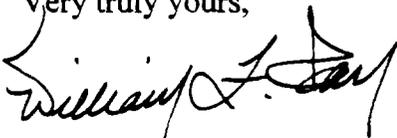
Dear Mr. Scarborough:

This letter is to advise you that Nearburg Exploration Company, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of certain mineral interests in all formations to the base of the Atoka formation, in and under Lots 9 through 16 of Section 2, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Nearburg Exploration Company, L.L.C. proposes to dedicate the referenced pooled unit to its Sunray State Land 76 Well No. 1 to be re-entered at a standard location 4620 feet from the South line and 1980 feet from the East line of said Section 2 or, if this re-entry is unsuccessful, to a well to be drilled at a standard location on this 320-acre unit.

This application has been set for hearing before a Division Examiner on April 3, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR NEARBURG EXPLORATION COMPANY, L.L.C.

WFC:mlh

Enc.

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& SHERIDAN, P.A.
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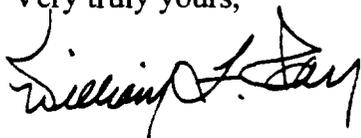
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ATTORNEY FOR NEARBURG EXPLORATION COMPANY, L.L.C.

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