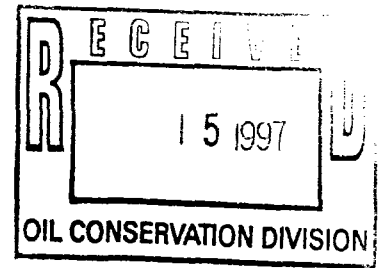


BEFORE THE  
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE AMENDED  
APPLICATION OF NEARBURG  
EXPLORATION COMPANY, L.L.C.  
FOR COMPULSORY POOLING AND  
AN UNORTHODOX WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11825

**AMENDED 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 the N/2 of Section 35, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico including but not limited to the South Carlsbad Morrow-Gas Pool, and for an unorthodox gas well location. and in support thereof states:

1. Nearburg is a working interest owner in the N/2 of said Section 35, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Cass Draw "35" State Com. No. 1 Well to be drilled at an unorthodox gas well location 760 feet from the North line and 1650 feet from the West line of said Section 35, to a depth sufficient to test the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing unit identified on Exhibit A to this Application.

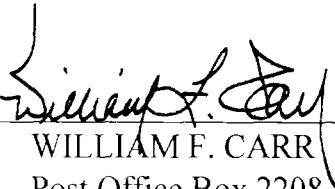
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Nearburg 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 application be set for hearing before an Examiner of the Oil Conservation Division on August 7, 1997 and, 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, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well and approving the requested unorthodox gas well location in the Morrow formation.

Respectfully submitted.

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

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

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