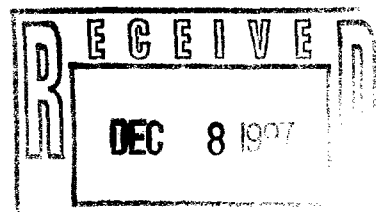


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December 8, 1997

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 87505

Re: Oil Conservation Division Case No. 11893:
Application of Nearburg Exploration Company, L.L.C. for Compulsory
Pooling, Lea County, New Mexico

Dear Mr. LeMay:

Nearburg Exploration Company, L.L.C. respectfully requests that the above-referenced hearing in this case which is currently set on the January 8, 1998 Examiner docket be dismissed.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

WILLIAM F. CARR
WFC:mlh

cc: Mr. Mike Gray

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 8, 1998**8:15 AM - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos 2-98 and 3-98 are tentatively set for January 22, 1998 and February 5, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11881: (Readvertised and Continued from December 18, 1997.)

Application of Southwest Royalties, Inc. for a pressure maintenance project, Lea County, New Mexico. Applicant seeks authority to inject produced water into the Delaware formation of the Salada Draw Field for pressure maintenance through the perforated interval from approximately 5002 feet to 5023 feet in its existing Ammons Madera Well No. 1 located 1980 feet from the South line and 990 feet from the West line (Unit L) in Section 15, Township 26 South, Range 33 East. Said project is located approximately 10 miles east-northeast of the intersection of Highway 62/180 with the Eddy/Lea County line, New Mexico.

CASE 11902: Application of Nearburg Exploration Company, L.L.C. for an unorthodox well location, Lea County, New Mexico. Applicant seeks authority to drill a well to the Morrow formation, Undesignated Gem-Morrow Gas Pool, at an unorthodox well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 16, Township 19 South, Range 33 East. The E/2 of said Section 16 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 14.5 miles south-southeast of Maljamar, New Mexico.

CASE 11897: (Readvertised)

Application of Dugan Production Corp. for compulsory pooling and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks an order pooling both the Blanco-Mesaverde and Basin-Dakota Pools underlying the S/2 of Section 14, Township 26 North, Range 7 West to form a standard 320-acre gas spacing unit for both intervals. Applicant proposes to dedicate this acreage to its Mona Lisa Well No. 2 to be drilled at a standard gas well location 1620 feet from the South line and 1850 feet from the East line (Unit J) of said Section 14. Applicant also seeks approval to downhole commingle gas production from the both pools within the wellbore of said Mona Lisa Well No. 2. 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 the risk involved in drilling said well. Said area is located approximately 17.5 miles northeast of Blanco Trading Post, New Mexico.

CASE 11899: (Readvertised)

Application of Dugan Production Corp. for two non-standard gas spacing and proration units, Rio Arriba County, New Mexico. Applicant seeks approval of two non-standard gas proration units in the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool, one to consist of the SE/4 of Section 14, Township 26 North, Range 7 West to be dedicated to its Mona Lisa Well No. 2 to be drilled at a standard location 1620 feet from the South line and 1850 feet from the East line (Unit J) of said Section 14 and the other to be operated by Caulkins Oil Company and to consist of the SW/4 of said Section 14. Said units are located approximately 17 1/2 miles northeast of Blanco Trading Post, New Mexico.

CASE 11893: (Continued from December 4, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 16, Township 19 South, Range 33 East, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Tonto-Atoka Gas Pool and the Undesignated Gem-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the S/2 SE/4 to form a standard 80-acre oil spacing and proration unit for any identifiable pools within said vertical extent that includes 80-acre spacing in the special rules and regulations adopted for said pool; and, the SW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Tonto-Seven Rivers Pool, Undesignated Buffalo-Seven Rivers Pool, Undesignated East Gem-Delaware Pool, Undesignated Tonto-Bone Spring Pool, Undesignated Tonto-Wolfcamp Pool, Undesignated North Gem-Wolfcamp Pool, and Undesignated South Buffalo-Pennsylvanian Pool. Said units are to be dedicated to a single well to be drilled 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 16, which is considered to be an unorthodox gas well location for the proposed 320-acre unit but standard for all other horizons. 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 the risk involved in drilling said well. Said area is located approximately 14.5 miles south-southeast of Maljamar, New Mexico.

CASE 11876: (Continued from December 4, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox subsurface location for a directional wellbore, Eddy County, New Mexico. Applicant seeks an order pooling certain owners of mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 11, Township 17 South, Range 25 East and for approval of an unorthodox surface location 660 feet from the North line and 1200 feet from the East line (Unit A) and an unorthodox subsurface location for its proposed Eagle Creek "11" Well No. 1 which is to be a directional wellbore with a bottomhole location approximately 660 feet from the North line and 1980 feet from the East line (Unit B) and with a producing interval not closer than 660 feet to the North line within a project area consisting of the E/2 of Section 11, Township 17 South, Range 25 East, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within said vertical extent, including but not limited to the Eagle Creek-Atoka/Morrow Gas Pool and for the NE/4 of said Section 11 forming a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre gas spacing within said vertical extent, and the NW/4 NE/4 of said Section 11 forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1/4 mile east of the Artesia airport, New Mexico.

CASE 11903: **Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to produce its Dorami "33" Federal Com Well No. 1 which was drilled to the Morrow formation at a point 1800 feet from the South line and 800 feet from the West line (Unit L) of Section 33, Township 19 South, Range 25 East, said location being unorthodox for any and all gas production from the Cemetery-Morrow Gas Pool to be dedicated to a 320-acre gas spacing unit consisting of the S/2 of said Section 33. Said location is located approximately 4 1/2 miles northwest of Seven Rivers, New Mexico.

CASE 11892: (Continued from December 4, 1997, Examiner Hearing.)

Application of John H. Hendrix Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Abo formation underlying the following described areas in Section 3, Township 20 South, Range 37 East, and in the following manner: the S/2 SW/4 forming a standard 80-acre oil spacing and proration unit for the Monument-Tubb Pool; and the SW/4 SW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to its Ellen Weir Well No. 2 which will be drilled at a standard oil well location 330 feet from the South line and 860 feet from the West line (Unit M) of said Section 3. 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 the risk involved in drilling said well. Said area is located approximately 2 miles southeast by south of Monument, New Mexico.

CASE 11865: (Continued from December 18, 1997, Examiner Hearing.)

Application of Thompson Engineering & Production Corp. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks authorization to drill its Blancett Well No. 2R at an unorthodox "off pattern" coal gas location in the Basin-Fruitland Coal Gas Pool 790 feet from the South line and 830 feet from the East line (Unit P) of Section 13, Township 30 North, Range 12 West. Applicant also seeks authority to downhole commingle production from the Pictured Cliffs formation, Aztec-Pictured Cliffs Gas Pool, and the Fruitland formation, Basin-Fruitland Coal Gas Pool within the wellbore of said well. The E/2 of said Section 13 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 2 miles southeast of Aztec, New Mexico.

CASE 11904: **Application of Exxon Corporation for lease commingling, Lea County, New Mexico.** Applicant seeks an exception to Division Rule 309 to permit lease commingling of Oil Center-Blinebry Pool production from 4 wells drilled or to be drilled on its A. J. Adkins Lease and the Blinebry Oil Com Well No. 1 unit, covering the W/2 of Section 10, Township 21 South, Range 36 East, without separately metering production from each well. Said area is centered approximately one-quarter mile southeast of Oil Center, New Mexico.

CASE 11905: **Application of Devon Energy Corporation (Nevada) for simultaneous dedication, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 104.D.(3) to permit it to drill its Pure Fed. Well No. 3 at a location 1650 feet from the North and East lines (Unit G) of Section 11, Township 21 South, Range 25 East, to test the Catclaw Draw-Morrow Gas Pool, and to simultaneously dedicate Section 11, in the Morrow formation, to the Pure Fed. Well No. 3 and its existing Pure Fed. Well Nos. 1 and 2. Said unit is located approximately 9.5 miles northwest of Carlsbad, New Mexico.