

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 AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 11893

AMENDED APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation for all formations developed on 320-acre spacing in the E/2, including but not limited to the Gem-Morrow Gas Pool and the Tanto-Atoka Gas Pool, for all formations developed on 160-acre spacing in the SE/4, for all formations developed on 80-acre spacing in the S/2 SE/4 and in all formations developed on 40-acre spacing in the SW/4 SE/4, including but not limited to the Tanto-Bone Spring Pool of Section 16, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Nearburg is a working interest owner in the E/2 of Section 16 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Lone Ranger "16" State Com Well No. 1 to be drilled to a non-standard location 660

feet from the South line and 1,980 feet from the East line of said Section 16, to a depth of approximately 13,650 feet sufficient to test any and all formations to the base of the Morrow formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from Yates Energy Corporation, Post Office Box 2323, Roswell, New Mexico 88202, Attn: Sharon R. Hamilton a working interest owner in the subject spacing unit.

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

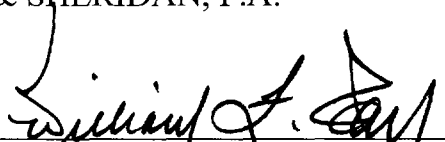
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Nearburg Producing Company, should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on December 4, 1997 and, after notice and hearing as required by law, the Division enter its order approving the requested unorthodox well location, 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, 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.

CASE 11893:

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation, for all formations developed on 320-acre spacing in the E/2, including but not limited to the Gem-Morrow Gas Pool and the Tanto-Atoka Gas Pool, for all formations developed on 160-acre spacing in the SE/4, for all formations developed on 80-acre spacing in the S/2 SE/4 and in all formations developed on 40-acre spacing in the SW/4 SE/4, including but not limited to the Tanto-Bone Spring Pool of Section 16, Township 19 South, Range 33 East, N.M.P.M. Said unit is to be dedicated to its Lone Ranger "16" State Com Well No. 1 to be drilled at a non-standard location 660 feet from the South line and 1,980 feet from the East line of said Section 16 to test all formations from the surface to the base of the Morrow 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately ____ miles _____ of _____, New Mexico.

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

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November 12, 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

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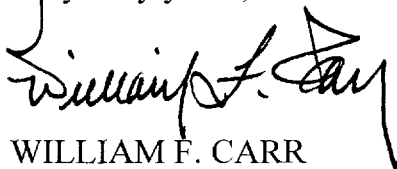
11893

Re: *Amended Application of Nearburg Exploration Company, L.L.C. for
Compulsory Pooling and an Unorthodox Gas Well Location, Lea County,
New Mexico*

Dear Mr. LeMay:

Enclosed in triplicate is the Amended 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., requests that this matter be placed on the docket for the December 4, 1997 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Michael M. Gray (w/enclosures)
Nearburg Exploration Company, L.L.C.
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Midland, TX 79705