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March 20, 1998

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

11906

Dear Florene:

Enclosed are an original and two copies of an amended application for compulsory pooling in Case No. 11906, together with a proposed advertisement, filed on behalf of Nearburg Exploration Company, L.L.C.

This case was originally filed with Mewbourne Oil Company as operator, and dismissal was subsequently requested. However, with Mr. Stogner's permission, the case was re-opened at the March 19th hearing.

Please set this case for the April 16th hearing. Thank you.

Very truly yours,



James Bruce

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF NEARBURG EXPLORATION
COMPANY, L.L.C. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

No. 11,906

AMENDED APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying Lots 1, 2, and the S $\frac{1}{2}$ NE $\frac{1}{4}$ (the NE $\frac{1}{4}$) of Section 5, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the NE $\frac{1}{4}$ of said Section 5, containing 160.45 acres.

2. Applicant seeks to dedicate the following acreage to the S.P. Johnson Com. Well No. 2, located at an orthodox oil well location 1650 feet from the North line and 1980 feet from the West line of the Section:

(a) The NE $\frac{1}{4}$ of Section 5 for all pools or formations spaced on 160 acres, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and

(b) The SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 5 for all pools or formations spaced on 40 acres, including the Undesignated Seven Rivers-Yeso Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NE $\frac{1}{4}$ of Section 5 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the

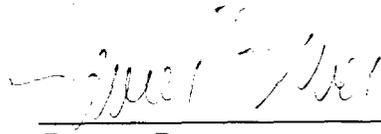
drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the NE¼ of Section 5, pursuant to NMSA §70-2-17 (1995 Repl. Pamp.).

5. The pooling of all mineral interests underlying the NE¼ of Section 5, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- (a) Pooling all mineral interests in the NE¼ of Section 5, from the surface to the base of the Cisco/Canyon formation;
- (b) Designating applicant as operator of the well;
- (c) Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- (d) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure;
- (e) Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- (f) Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
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Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Applicant

PROPOSED ADVERTISEMENT

Case _____: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East, NMPM, and in the following manner: Lots 1, 2, and the S $\frac{1}{2}$ NE $\frac{1}{4}$ (the NE $\frac{1}{4}$) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW $\frac{1}{4}$ NE $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to applicant's S.P. Johnson Com. Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 and the well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.