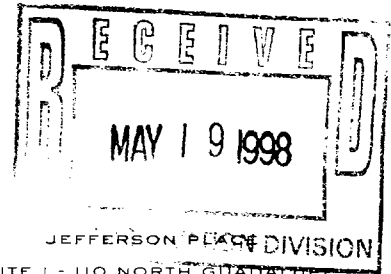


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May 19, 1998

**HAND-DELIVERED**

11984

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

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

Dear Ms. Wrotenbery:

Enclosed in triplicate 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., requests that this matter be placed on the docket for the June 11, 1998 Examiner hearings.

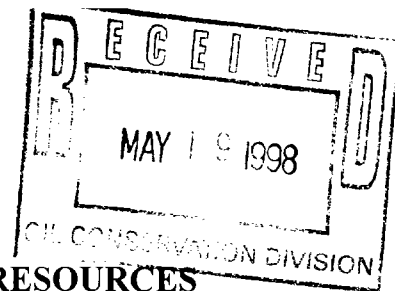
Very truly yours,

WILLIAM F. CARR

WFC:mlh  
Enclosures

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

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**



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

CASE NO. 11984

**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 in all formations developed on 320-acre spacing in the S/2, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing under the W/2 SE/4, and in all formations developed on 40-acre spacing under the SW/4 SE/4 of Section 23, Township 18 South, Range 24 East, NMPM, Eddy County, New Mexico, and in support thereof states:

1. Nearburg is a working interest owner in the S/2 of Section 23 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Poco Mesa "23" State Com Well No. 1 to be drilled to a standard location 660 feet from the South line and 1650 feet from the East line of said Section 23, to a depth sufficient to test any and all formations to the base of the Morrow formation, and place the well, if productive in the Morrow, in the Penasco Draw-Morrow Gas Pool, or if the well is completed in a shallower formation in the Penasco Draw Permo-Penn Gas Pool.

3. Applicant has sought and been unable to obtain a voluntary agreement with Marathon Oil Company, Post Office Box 552, Midland, Texas 79702-0552 owner of a 2.5% working interest in the subject spacing units.

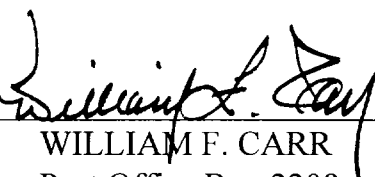
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 June 11, 1998 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, 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: 

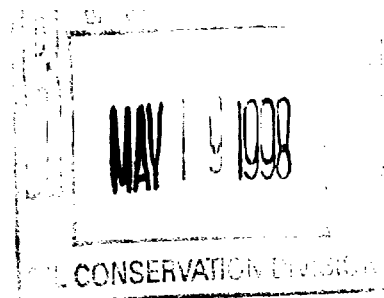
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Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

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



CASE 1984

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the S/2, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the W/2 SE/4, and in all formations developed on 40-acre spacing in the SW/4 SE/4 of Section 23 Township 18 South, Range 24 East. Said unit is to be dedicated to its Poco Mesa "23" State Com Well No. 1 to be drilled at a standard location 660 feet from the South line and 1650 feet from the East line of said Section 23 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, Penasco Draw-Morrow Gas Pool. 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 9 miles southwest of Artesia, New Mexico.