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OIL CONSERVATION DIV.

99 MAY 27 AM 9:05

12203

May 27, 1999

**Hand Delivered**

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

Dear Florene:

Enclosed for filing are an original and two copies of applications for compulsory pooling regarding (1) the NE $\frac{1}{4}$ SE $\frac{1}{4}$  §3, (2) the SW $\frac{1}{4}$ SE $\frac{1}{4}$  §3, and (3) the S $\frac{1}{2}$  §3, all in Township 20 South, Range 33 East, NMPM, together with proposed advertisements for each application. Please set these matters for the June 24th Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Nearburg  
Exploration Company, L.L.C.

# BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 12203

OIL CONSERVATION DIV.  
93 MAY 21 AM 9:30

## APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Bone Spring formation in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 3, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 3, and has the right to drill a well thereon.

2. Applicant proposes to drill its Python Federal Well No. 3 at an orthodox oil well location 1650 feet from the south line and 660 feet from the east line of Section 3, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 3 to the well for all pools or formations developed on 40 acre spacing, including the Undesignated Teas Yates-Seven Rivers Pool.

3. Applicant requests that Nearburg Producing Company be named operator of the well.

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

5. Although applicant has 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

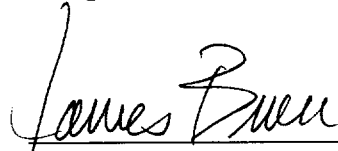
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the NE¼SE¼ of Section 3, pursuant to NMSA 1978 §70-2-17 (1996).

6. The pooling of all mineral interests underlying the NE¼SE¼ of Section 3 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 NE¼SE¼ of Section 3, from the surface to the base of the Bone Spring formation;
- B. Designating Nearburg Producing Company 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,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Nearburg Exploration  
Company, L.L.C.

PROPOSED ADVERTISEMENT

OIL CONSERVATION DIV.

99 MAY 27 4/19/05

Case 12203:

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 Bone Spring formation underlying the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 3, Township 20 South, Range 33 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. Said unit is to be dedicated to the Python Federal Well No. 3, to be drilled at an orthodox oil well location 1650 feet from the south line and 660 feet from the east line of 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 Nearburg Producing Company as operator of the well, and a charge for the risk involved in drilling and completing the well. Said unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.