

# BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. \_\_\_\_\_

12204

## 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 SW $\frac{1}{4}$ 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 SW $\frac{1}{4}$ 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. 2 at an orthodox oil well location 660 feet from the south line and 1650 feet from the east line of Section 3, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the SW $\frac{1}{4}$ 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 SW $\frac{1}{4}$ 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

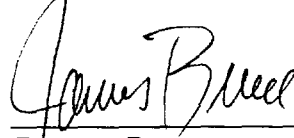
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 3, pursuant to NMSA 1978 §70-2-17 (1996).

6. The pooling of all mineral interests underlying the SW $\frac{1}{4}$ SE $\frac{1}{4}$  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 SW $\frac{1}{4}$ SE $\frac{1}{4}$  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, appearing to read "James Bruce", is written over 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.