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September 27, 1999

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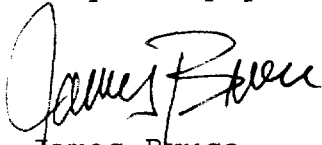
Lori Wrotenbery
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 12103 (Reopened); Application of Nearburg
Exploration Company, L.L.C.

Dear Ms. Wrotenbery:

Enclosed are an original and two copies of an amended application in the above matter. Please note that the applicant has dismissed its request to re-open Case No. 12103 (Order No. R-11138). Therefore, please assign a new number to the application. Also, E.G.L. Resources, Inc. is no longer an applicant. Due to the re-advertisement, please continue the case to the October 21st Examiner hearing. Thank you.

Very truly yours,



James Bruce

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

cc: Robert G. Shelton (w/encl.)
William F. Carr (w/encl.)

OIL CONSERVATION DIV.

99 SEP 28 AM 12:23

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12267

AMENDED 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 underlying the SE $\frac{1}{4}$ 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, and has the right to drill a well thereon.

2. Applicant proposes to drill its Python Fed. Well No. 1, at an orthodox location 660 feet from the south line and 660 feet from the east line of Section 3, and seeks to dedicate the SE $\frac{1}{4}$ 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3 for the purposes set forth herein.

5. 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

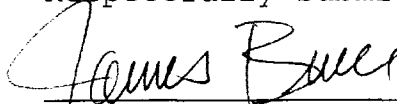
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, pursuant to NMSA 1978 §70-2-17 (1996).

6. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ 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 SE $\frac{1}{4}$ 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; and
- 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.

Respectfully submitted,



James Bruce
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(505) 982-2043

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

OIL CONSERVATION DIV

PROPOSED ADVERTISEMENT

99 SEP 28 AM 12:24

Case 2-67: 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 SE $\frac{1}{4}$ 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. The unit is to be dedicated to applicant's Python Fed. Well No. 1, to be located 660 feet from the south and east lines (Unit P) of Section 3. Also to be considered will be the cost of drilling and completing the 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. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.