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October 11, 1999

HAND-DELIVERED

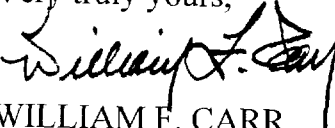
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Re: Application of Nearburg Exploration Company, L.L.C. for Compulsory
Pooling, Lea 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 November 4, 1999 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC/md
Enclosures

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

12275

99 OCT 13 PM 12:50
OCT 13 1999

**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,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

12275

OIL CONSERVATION DIV.
99 OCT 13 11:12:50

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), 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 N/2 SE/4, and in all formations developed on 40-acre spacing under the NW/4 SE/4 of Section 13, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Nearburg is a working interest owner in the S/2 of Section 13 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Stetson 13 Federal Com Well No. 1 to be drilled to a standard location 1650 feet from the South and East lines of said Section 13, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation. The primary objective in the well will be the Morrow formation, East Gem-Morrow Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units identified on Exhibit A to this application.

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, Nearburg Exploration Company, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 1999 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Nearburg Producing Company operator of these units and the well to be drilled thereon,
- C. authorizing Nearburg to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not

voluntarily participate in the drilling of the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: _____
WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

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

EXHIBIT A

**APPLICATION OF
NEARBURG EXPLORATION COMPANY, L.L.C.
FOR COMPULSORY POOLING
S/2 OF SECTION 13, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO**

Mr. Bane Bigbie
Red Oak Cattle Company
Post Office Box 998
Ardmore, Oklahoma 73402

S. H. Cavin
Sealy H. Cavin, Inc.
504 N. Wyoming Ave.
Roswell, New Mexico 88201

Sealy H. Cavin, Jr.
3235 Calle De Deborah, N. W.
Albuquerque, New Mexico 87104-33001

Eloy S. Duran
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Roswell, New Mexico 88201

Enron Oil & Gas Company
Post Office Box 2267
Midland, Texas 79702
attn: Patrick J. Tower

Linda Sue Henry
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Dallas, Texas 75243-6202

Hutchings Oil Company
Post Office Box 1216
Albuquerque, New Mexico 87103

Manzano Oil Corporation
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Roswell, New Mexico 88201

Harold Kious
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Albuquerque, New Mexico 87102-3248

Mr. Stephen Mitchell
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Midland, Texas 79702

Mr. Stephen Scott Mitchell
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684 Petroleum Building
Roswell, New Mexico 88201

Frank S. and Robin L. Morgan
c/o Strata Production Company
700 Petroleum Building
Roswell, New Mexico 88202

Moroilco, Inc.
c/o Strata Production Company
700 Petroleum Building
Roswell, New Mexico 88202
attn: Frank Morgan

Thomas Alden Ritch, M.D.
Post Office Box 4508
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Kenneth D. Reynolds
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c/o Scott Exploration, Inc.
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George L. Scott, III
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Warren Scott
c/o Scott Exploration, Inc.
684 Petroleum Building
Roswell, New Mexico 88201

CASE 12275

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea 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 including but not limited to the East Gem-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the N/2 SE/4, and in all formations developed on 40-acre spacing in the NW/4 SE/4 of Section 13 Township 19 South, Range 33 East. Said unit is to be dedicated to its Stetson 13 Federal Com Well No. 1 to be drilled at a standard location 1650 feet from the South and East lines of said Section 13 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 risk involved in drilling said well. Said area is located approximately 9 miles Northeast of Halfway, New Mexico.

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