

JAMES BRUCE

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OIL CONSERVATION DIV.
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March 27, 2000

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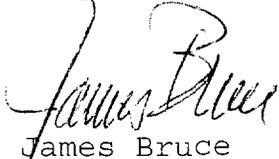
Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

12382

Dear Florene:

Enclosed for filing are an original and two copies of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Nearburg Exploration Company, L.L.C. Please set this matter for the April 20, 2000 Examiner hearing. Thank you.

Very truly yours,



James Bruce

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

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.

00 MAR 27 PM 2:22

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

No. 12382

APPLICATION

Nearburg Exploration Company, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S $\frac{1}{2}$ of Section 21, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of Section 21, and has the right to drill a well thereon.

2. Applicant proposes to drill its Hubble South "21" State Well No. 1, at an orthodox gas well location 660 feet from the south line and 1650 feet from the east line of Section 21, and seeks to dedicate the following acreage to the well:

(a) The SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21 for all pools or formations developed on 40-acre spacing, including the Undesignated East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool, Undesignated North Winchester-Wolfcamp Pool, and Undesignated West Winchester-Upper Pennsylvanian Pool;

(b) The SE $\frac{1}{4}$ of Section 21 for all pools or formations developed on 160-acre spacing; and

(c) The S $\frac{1}{2}$ of Section 21 for all pools or formations developed on 320-acre spacing, including the Undesignated Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, and South Millman-Morrow Gas 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 S½ of Section 21 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 S½ of Section 21, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the S½ of Section 21, as set forth above, 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 S½ of Section 21, from the surface to the base of the Morrow formation, for the well units described above;

B. Designating Nearburg Producing Company as operator of the well;

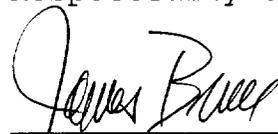
C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;

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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
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Attorney for Nearburg Exploration Company, L.L.C.

OIL CONSERVATION DIV.

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(b) The SE $\frac{1}{4}$ of Section 21 for all pools or formations developed on 160-acre spacing; and

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- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;

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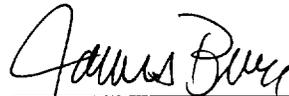
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- B. Designating Nearburg Producing Company as operator of the well;
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Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
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Attorney for Nearburg Exploration Company, L.L.C.

PROPOSED ADVERTISEMENT

Case 10582: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 19 South, Range 28 East, NMPM, and in the following manner: The S½ to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, and South Millman-Morrow Gas Pool; the SE¼ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the SW¼SE¼ to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool, Undesignated North Winchester-Wolfcamp Pool, and Undesignated West Winchester-Upper Pennsylvanian Pool. Said units are to be dedicated to applicant's South Hubbell "21" State Well No. 1, to be located 660 feet from the south line and 1650 feet from the east line (Unit O) of Section 21. 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. The units are located approximately 11 miles east-northeast of Lakewood, New Mexico.

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PROPOSED ADVERTISEMENT

Case 12382 : Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 19 South, Range 28 East, NMPM, and in the following manner: The S $\frac{1}{2}$ to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, and South Millman-Morrow Gas Pool; the SE $\frac{1}{4}$ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the SW $\frac{1}{4}$ SE $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool, Undesignated North Winchester-Wolfcamp Pool, and Undesignated West Winchester-Upper Pennsylvanian Pool. Said units are to be dedicated to applicant's South Hubbell "21" State Well No. 1, to be located 660 feet from the south line and 1650 feet from the east line (Unit O) of Section 21. 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. The units are located approximately 11 miles east-northeast of Lakewood, New Mexico.

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