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March 15, 2000

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 87505

OIL CONSERVATION DIV.
MAR 15 PM 4:13

12383

Re: *Application of Nearburg Exploration Company, L.L.C. for Compulsory
Pooling, Eddy County, New Mexico*

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of Nearburg Exploration Company, L.L.C. in the above-referenced case as well as a copy of a legal advertisement. Nearburg Exploration Company, L.L.C. respectfully requests that this matter be placed on the docket for the April 20, 2000 Examiner hearings.

Very truly yours,



Paul R. Owen

Enclosures

cc: Mr. Mark Wheeler
Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

**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, EDDY
COUNTY, NEW MEXICO.

CASE NO. 123783

OIL CONSERVATION DIV.
OCT 15 PM 4:33

APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation, under the following acreage in Section 24, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico:

- A. the E/2 to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent;
- B. the SE/4 to form a standard 160-acre spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent;
- C. the E/2 SE/4 to form a standard 80-acre spacing and proration unit for formations and/or pools developed on 80-acre spacing within that vertical extent; and
- D. the NE/4 SE/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical

extent.

Said spacing and proration units are to be dedicated to Nearburg's proposed Rio Pecos 24 Well #1, to be drilled at standard location in the NE/4 SE/4 of said Section 24, and in support of its application states:

1. Nearburg is a working interest owner in said Section 24 and has the right to drill thereon.
2. Nearburg proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the SE/4 of said Section 24, to a depth sufficient to test any and all formations to the base of the Morrow formation.
3. Nearburg has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from those interest owners 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, L.L.C. should be designated the operator of the well to be drilled.

WHEREFORE, Neaburg Exploration Company, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 20, 2000, and, after notice and hearing as required by law, the Division enter its order pooling the

lands, including provisions designating Nearburg Producing Company, L.L.C., operator of these spacing and proration units, and authorizing Nearburg to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Nearburg in drilling, completing and equipping the well.

Respectfully submitted,

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

By: 
WILLIAM F. CARR

PAUL R. OWEN

Post Office Box 2208

Santa Fe, New Mexico 87504

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

**EXHIBIT A
NOTIFICATION LIST
APPLICATION OF NEARBURG EXPLORATION COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**SECTION 19, TOWNSHIP 18 SOUTH, RANGE 27 EAST,
NMPM, EDDY COUNTY, NEW MEXICO**

Jack Dill Knox
300 Crescent Court, Suite 1630
Dallas, TX 75201

Eddie V. Peoples
214 N. Browning
Carthage, TX 75633

Ralph Nix, A Partnership
P.O. Box 440
Artesia, NM 88210

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Texacal Oil and Gas, Inc.
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Amarillo, Texas 79106

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Gwendolyn Knox
Post Office Box 9026
Dallas, Texas 75209

Mariene Counts
3217 N. Halstade Street
Hutchison, KS 67501

CASE 12383.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, the E/2 for all formations developed on 320-acre spacing, the SE/4 for all formations developed on 160-acre spacing, the E/2 SE/4 for all formations developed on 80-acre spacing, and the NE/4 SE/4 for all formations developed on 40-acre spacing, all in Section 24, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Applicant proposes to dedicate these pooled units to its proposed Rio Pecos 24 Well #1, to be drilled at a standard gas well in the NE/4 SE/4 of said Section 24. Also to be considered will 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, L.L.C., as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles southeast of Artesia, New Mexico.

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

OIL CONSERVATION DIV.
COMM. 15 PM 4:29 PM
CASE NO. 12383

APPLICATION

NEARBURG EXPLORATION COMPANY, L.L.C. ("Nearburg"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation, under the following acreage in Section 24, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico:

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- D. the NE/4 SE/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical

extent.

Said spacing and proration units are to be dedicated to Nearburg's proposed Rio Pecos 24 Well #1, to be drilled at standard location in the NE/4 SE/4 of said Section 24, and in support of its application states:


1. Nearburg is a working interest owner in said Section 24 and has the right to drill thereon.
2. Nearburg proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the SE/4 of said Section 24, to a depth sufficient to test any and all formations to the base of the Morrow formation.
3. Nearburg has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from those interest owners 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, L.L.C. should be designated the operator of the well to be drilled.

WHEREFORE, Neaburg Exploration Company, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 20, 2000, and, after notice and hearing as required by law, the Division enter its order pooling the

lands, including provisions designating Nearburg Producing Company, L.L.C., operator of these spacing and proration units, and authorizing Nearburg to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Nearburg in drilling, completing and equipping the well.

Respectfully submitted,

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