

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

OIL CONSERVATION DIV.
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**IN THE MATTER OF THE APPLICATION
OF NEARBURG EXPLORATION COMPANY,
L.L.C. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 12517

APPLICATION

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 E/2 which includes but is not necessarily limited to the Undesignated Angel Ranch Atoka-Morrow Gas Pool; in all formations developed on 160-acre spacing in the NE/4; in all formations developed on 80-acre spacing under the W/2 NE/4; and in all formations developed on 40-acre spacing under the SW/4 NE/4 of Section 4, Township 19 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Nearburg is a working interest owner in the E/2 of Section 4 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Kaiser Lake "4" Federal Com Well No. 1 to be drilled at a standard location in the E/2 of said Section 4, to an approximate depth of 10,100 feet to test any and all formations from

the surface to the base of the Morrow formation.

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.

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.

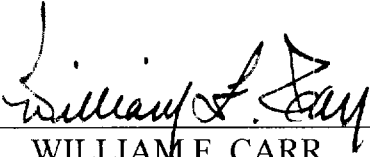
WHEREFORE, Nearburg Exploration Company, L.L.C. requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on October 19, 2000, and, after notice and hearing as required by law, the Division enter its order:

- 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.

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

CASE 12517:

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 in all formations developed on 320-acre spacing in the E/2 which includes but is not necessarily limited to the Undesignated Angle Ranch Atoka-Morrow Gas Pool; in all formations developed on 160-acre spacing in the NE/4; in all formations developed on 80-acre spacing in the W/2 NE/4 ; and in all formations developed on 40-acre spacing in the SW/4 NE/4 ; all in Section 4 Township 19 South, Range 27 East. Said unit is to be dedicated to its Kaiser Lake "4" Federal Com. Well No. 1 to be drilled at a standard location in the E/2 of said Section 4 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 16 miles southeast of Artesia, New Mexico.