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April 10, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Case 12647

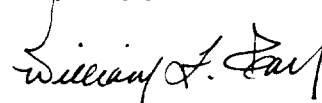
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Re: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico

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 May 3, 2001 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

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

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

**IN THE MATTER OF THE APPLICATION
OF NEARBURG EXPLORATION COMPANY,
L.L.C. FOR COMPULSORY POOLING
AND AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12647

OIL CONSERVATION DIV
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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 in the following described spacing and proration units located in Section 8, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico: the S/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Shipp-Strawn Pool; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Midway-Devonain Pool, and in support of its application states:

1. Nearburg is a working interest owner in the S/2 NW/4 of Section 8 and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Midway "8" Well No. 1 to be drilled at a location 1650 feet from the North line and 990 feet from the West line of said Section 8, to a depth sufficient to test any and all formations

from the surface to the base of the Devonian formation.

3. The location of this well is standard in the Devonian formation but is unorthodox in the Strawn formation for the Special Pool Rules and Regulations for the Shipp-Strawn Pool provide for wells to be located on a spacing unit comprised of 80-acres (Rule 2) with wells to be located within 150-feet of the center of a governmental quarter-quarter section or lot (Rule 4). The proposed location is unorthodox in the Strawn formation because it is too close to the North line of the dedicated acreage.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from the interest owners in the S/2 NW/4 of Section 8 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 May 3, 2001, 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,

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, and

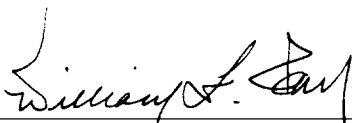
F. Approving an unorthodox well location in the Strawn formation.

Respectfully submitted,

HOLLAND & HART, LLP

AND

CAMPBELL & CARR

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 AND AN UNORTHODOX WELL LOCATION
S/2 NW/4 OF SECTION 8, TOWNSHIP 17 SOUTH, RANGE 37 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO**

Bandera Minerals, LLC
Bandera Minerals I, LLC
Bandera Minerals II, LLC
Post Office Box 701228
Tulsa, Oklahoma 74170-1228

Kirby Minerals, L. C.
Post Office Box 57330
Oklahoma City, Oklahoma 73157

Bank One, Trustee of
Avis K. Miller Trust
Post Office Box One
Tulsa, Oklahoma 74105

Bank One, Agent for
David Cullum Miller
Post Office Box One
Tulsa, Oklahoma 74105

The Brady Family Trust
Post Office Box 3039
Fayetteville, Arkansas 72702

Bank One, Agent for
Russell Bryan Miller, Dec'd
Post Office Box One
Tulsa, Oklahoma 74105

Nantucket Resources Group, L. C.
Post Office Box 540244
Houston, Texas 77254-0244

Fasken Oil & Ranch, Ltd.
303 West Wall, Suite 1800
Midland, Texas 79701
Attention: Craig Hubbard

Mary Debra Brady, as her separate
representative
1804 Lake Crest Lane
Plano, Texas 75023-2442

Commissioner of Public Lands
State of New Mexico
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

CASE 12647: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the following described spacing and proration units in Section 8 Township 17 South, Range 37 East as follows: the S/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Midway-Devonian Pool; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Shipp-Strawn Pool. Said unit is to be dedicated to its Midway "8" Well No. 1 to be drilled at an unorthodox Strawn well location 1650 feet from the North line and 990 feet from the West line of said Section 8 to a depth sufficient to test all formations from the surface to the base of the Devonian 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 8 miles southeast of Lovington, New Mexico.