

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE NO. 12791

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

02-11-4 PM 3:03
02-06-11 1:11 PM

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Nearburg Exploration Company, L.L.C.
Attention: Bob Shelton
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ATTORNEY

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STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 31, Township 18 South, Range 34 East as follows: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Quail Ridge-Morrow Gas Pool, the Undesignated West La

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Rica-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre; the N/2 SE/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated EK-Bone Springs Pool, and the NE/4 SE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated EK-Delaware Pool. Said unit is to be dedicated to its Wapiti "31" State Com Well No. 1 to be drilled at a standard location 1650 feet from the South line and 660 feet from the East line of said Section 31 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, provisions governing subsequent operations on the pooled units, 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 12 miles northeast of Halfway, New Mexico.

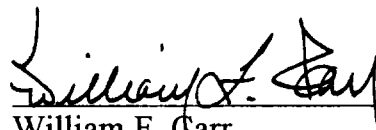
PROPOSED EVIDENCE

APPLICANT

| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|-----------------------------------|--------------------|-----------|
| Bob Shelton (Land) | Approx. 15 Minutes | Approx. 6 |
| Ted Gawloski (Geology) | Approx. 10 Minutes | Approx. 3 |

PROCEDURAL MATTERS

Nearburg Exploration Company, L.L.C. is not aware of any procedural matters at this time.



William F. Carr
Attorney for Nearburg Exploration
Company, L.L.C.