

BEFORE THE OIL CONSERVATION DIVISION  
NEW MEXICO ENERGY, MINERALS AND  
NATURAL RESOURCES DEPARTMENT

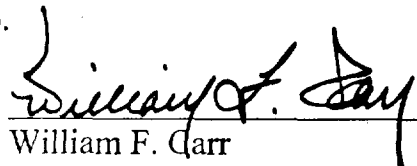
APPLICATION OF NEARBURG EXPLORATION  
COMPANY, L.L.C., FOR COMPULSORY POOLING,  
DIRECTIONAL DRILLING AND AN UNORTHODOX  
WELL LOCATION, LEA COUNTY, NEW MEXICO.

CASE NO. 12900

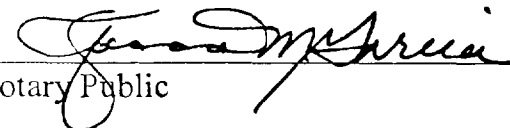
AFFIDAVIT

STATE OF NEW MEXICO       )  
) ss.  
COUNTY OF SANTA FE )

William F. Carr, attorney in fact and authorized representative of Nearburg Exploration Company, L.L.C., the Applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested persons entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.

  
William F. Carr

SUBSCRIBED AND SWORN to before me this 2nd day of July 2002.

  
Notary Public

My Commission Expires:

August 23, 2005

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

Newburg Shipp

Postage	\$ 1.83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

SANTA FE JUL 2 2000

Sent To  
Chesapeake Exploration  
Post Office Box 18496  
Oklahoma City, Oklahoma

PS Form 3800

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

Newburg Shipp

Postage	\$ .83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

SANTA FE JUL 2 2000

Sent To  
Conoco, Inc.  
10 Desta Drive, Suite 100  
Midland, Texas 79705

PS Form 3800

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

Newburg Shipp

Postage	\$ .83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

SANTA FE JUL 2 2000

Sent To  
David Petroleum Corporation  
116 West 1st Street  
Roswell, New Mexico 88201

Form 3800

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chesapeake Exploration L.P.  
Post Office Box 18496  
Oklahoma City, Oklahoma 73154

2. Article Number (Copy)

7001 1140 0002 5600 8753

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Conoco, Inc.  
10 Desta Drive, Suite 100W  
Midland, Texas 79705

2. Article Number (Copy from)

7001 1140 0002 5600 8777

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

David Petroleum Corporation  
116 West 1st Street  
Roswell, New Mexico 88201

2. Article Number (Copy)

7001 1140 0002 5600 8784

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) **BRIAN IMES** B. Date of Delivery **7/9/02**

C. Signature **X [Signature]** ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Received by (Please Print Clearly) B. Date of Delivery **7-8-02**

C. Signature **X [Signature]** ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Received by (Please Print Clearly) B. Date of Delivery **7-5-02**

C. Signature **X [Signature]** ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

**Nearburg Shipp**

Postage	\$ 1.83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

**SENT TO**

Hanley Petroleum  
415 West Wall Street, Suite 1500  
Midland, Texas 79701

**PS Form 3801**

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hanley Petroleum  
415 West Wall Street, Suite 1500  
Midland, Texas 79701

2. Article Number (Copy from serial number)

7001 1140 0002 5600 8791

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

7-8

C. Signature

x *Barbara Reid*

☒ Agent  
☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

**Nearburg Shipp**

Postage	\$ 1.83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

**SENT TO**

Colin R. McMillan  
116 West 1st Street  
Roswell, New Mexico 88201

**PS Form 3801**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Colin R. McMillan  
116 West 1st Street  
Roswell, New Mexico 88201

2. Article Number (Copy from serial number)

7001 1140 0002 5600 8760

A. Received by (Please Print Clearly)

B. Date of Delivery

7-5-02

C. Signature

x *Jackie Powell*

☒ Agent  
☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
 Domestic Mail Only; No Insurance Coverage

Postage	\$ .83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 4.88</b>

**Sent To**  
 Petrovaugh, Inc.  
 11910 Greenville Ave, Suite 302  
 Dallas, Texas 75243

PS Form 3800

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
 Domestic Mail Only; No Insurance Coverage

Postage	\$ .83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 4.88</b>

**Sent To**  
 Republic Royalty Company  
 3738 Oak lawn Ave, Suite 300  
 Dallas, Texas 75219

Form 3800

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Petrovaugh, Inc.  
 11910 Greenville Ave, Suite 302  
 Dallas, Texas 75243

2. Article Number (Copy from sender)

7001 1140 0002 5600 8807

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Republic Royalty Company  
 3738 Oak lawn Ave, Suite 300  
 Dallas, Texas 75219

2. Article Number (Copy from sender)

7001 1140 0002 5600 8814

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) Jack L. Macdonnell B. Date of Delivery 7/8/02  
 C. Signature [Signature] ☒ Agent ☐ Addressee  
 D. Is delivery address different from item 1? ☐ Yes ☒ No  
 If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Received by (Please Print Clearly) TK Boozer B. Date of Delivery 7-8-02  
 C. Signature [Signature] ☐ Agent ☒ Addressee  
 D. Is delivery address different from item 1? ☐ Yes ☒ No  
 If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

EXHIBIT A

APPLICATION OF NEARBURG EXPLORATION COMPANY, L.L.C.  
FOR COMPULSORY POOLING, DIRECTIONAL DRILLING  
AND AN UNORTHODOX WELL LOCATION,  
S/2 SW/4 OF SECTION 10, TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
LEA COUNTY, NEW MEXICO.

NOTIFICATION LIST

Chesapeake Exploration L.P.  
Post Office Box 18496  
Oklahoma City, Oklahoma 73154

Colin R. McMillan  
116 West 1st Street  
Roswell, New Mexico 88201

Conoco, Inc.  
10 Desta Drive, Suite 100W  
Midland, Texas 79705

David Petroleum Corporation  
116 West 1st Street  
Roswell, New Mexico 88201

Hanley Petroleum  
415 West Wall Street, Suite 1500  
Midland, Texas 79701

Petrovaugh, Inc.  
11910 Greenville Ave, Suite 302  
Dallas, Texas 75243

Republic Royalty Company  
3738 Oak lawn Ave, Suite 300  
Dallas, Texas 75219

CASE \_\_\_\_\_: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, directional drilling and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface to the base of the Strawn formation in the S/2 SW/4 of Section 10, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Humble City-Strawn Pool and the Undesignated Shipp-Strawn Pool. Said unit is to be dedicated to its Voyager (Shipp #1-4 Well, a re-entry of the Hanley Shipp #1 Well, at a surface location 990 feet from the South line and 330 feet from the West line and directionally drilled to an unorthodox bottomhole location 860 feet from the South line and 1400 feet from the West line of said Section 10 to a depth sufficient to test all formations from the surface to the base of the Strawn 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 7 miles Southeast of Lovington, New Mexico.

**HOLLAND & HART LLP**  
ATTORNEYS AT LAW

DENVER • ASPEN  
BOULDER • COLORADO SPRINGS  
DENVER TECH CENTER  
BILLINGS • BOISE  
CHEYENNE • JACKSON HOLE  
SALT LAKE CITY • SANTA FE  
WASHINGTON, D.C.

P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
110 NORTH GUADALUPE, SUITE 1  
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

July 2, 2002

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL AFFECTED PARTIES:**

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

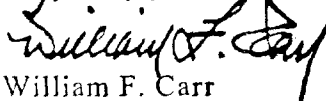
Ladies and Gentlemen:

This letter is to advise you that Nearburg Exploration Company, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in all formations from the surface through the base of the Strawn formation in a standard gas spacing and proration unit comprised of the S/2 SW/4 of Section 10, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Nearburg proposes to dedicate the referenced pooled unit to its Voyager (Shipp) #1-4 Well, a re-entry of the Hanley Skipp #1 Well, at a surface location 990 feet from the South line and 330 feet from the West line of said section 10 and directionally drill said well to a bottomhole location 860 feet from the South line and 1400 feet from the West line of said Section 10.

This application has been set for hearing before a Division Examiner on August 1, 2002. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr  
for Holland & Hart LLP  
ATTORNEYS FOR NEARBURG  
EXPLORATION COMPANY, L.L.C.

Enclosure

cc: Mr. Bob Shelton  
Nearburg Exploration Company L.L.C.