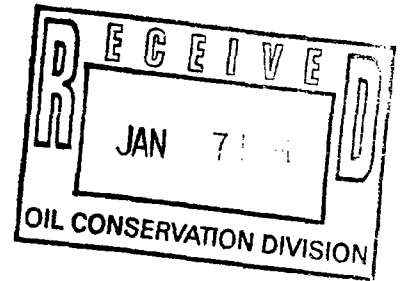


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

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



APPLICATION OF NEARBURG PRODUCING
COMPANY FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO.

CASE NO. 10,788
(DE NOVO)

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 10,790
(DE NOVO)

APPLICATION OF NEAREURG PRODUCING
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10,823
(DE NOVO)

CONSOLIDATED PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Nearburg Producing Company as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Nearburg Producing Company
Suite 8100
3300 North "A" Street
Midland, Texas 79705
(915) 686-8235
Attention: R. Shelton

ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

OPPOSITION OR OTHER PARTY

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

ATTORNEY

Ernest L. Carroll
Losee, Carson, Haas & Carroll
Post Office Drawer 239
Artesia, New Mexico 88211-0239
(505) 746-3505

STATEMENT OF CASE

APPLICANT

Case Nos. 10788 and 10790: Nearburg Producing Company owns the NE $\frac{1}{4}$ and W $\frac{1}{2}$ of Section 2 - 22 South - 24 East. Yates owns the SE $\frac{1}{4}$ of Section 2. Nearburg seeks to pool the E $\frac{1}{2}$ of Section 2 - 22 South - 24 East for a well to be drilled to the Cisco/Canyon formation (Indian Basin-Upper Pennsylvanian Associated Pool). Yates seeks to drill a well to test the Morrow formation, and to dedicate the S $\frac{1}{2}$ of Section 2 to the well. (The primary target of the Yates well is, however, the Cisco/Canyon.) Nearburg has completed a well in the NW $\frac{1}{4}$ of Section 2 in the Cisco/Canyon, with the W $\frac{1}{2}$ dedicated to said well. Both parties proposed wells are located in the SE $\frac{1}{4}$ of Section 2. Because Nearburg has already dedicated the W $\frac{1}{2}$ to a Cisco/Canyon well, any well approved by the Commission should have an E $\frac{1}{2}$ dedication. Also, because the Morrow in this area is so risky geologically, the commission should not grant any pooling request as to the Morrow.

The Division granted Nearburg's request for an E $\frac{1}{2}$ Cisco/Canyon unit, and also granted Yates' request for a S $\frac{1}{2}$ Morrow unit. These two case are before the Commission on Yates' appeal.

Case No. 10823: Nearburg owns the S $\frac{1}{2}$ of Section 10 - 22 South - 24 East, and Yates owns the N $\frac{1}{2}$ of the section. Nearburg seeks to pool the W $\frac{1}{2}$ of section 10 for a well to test the Cisco/Canyon formation. The E $\frac{1}{2}$ of the section is wet in said zone, and thus only prospective acreage (the W $\frac{1}{2}$) should be included in the spacing and proration unit.

The Division denied Nearburg's application, and this case is before the Commission on Nearburg's appeal.

OPPOSITION

PROPOSED EVIDENCE

APPLICANT

	WITNESSES	EST. TIME	EXHIBITS
1.	Robert Shelton (Landman)	25 minutes	(a) Land plats. (b) Correspondence. (c) AFE and APD. (d) Activity map.
2.	Jerry Elger (Geologist)	20 minutes	(a) Structure map. (b) Isopachs. (c) Cross-section.
3.	T. McDonald	10 minutes	(a) Ciscg/ Canyon and Morrow economics. (b) Morrow well data.

OPPOSITION

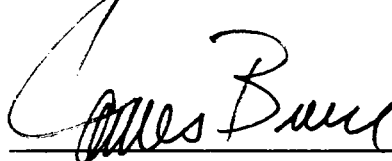
WITNESSES	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

Nearburg requests that the cases be consolidated for hearing, since much of the data that will be presented is common or overlapping.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

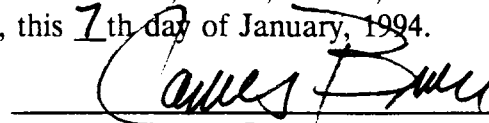


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Attorneys for Nearburg Producing Company

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Pre-hearing Statement was sent via facsimile transmission to Ernest L. Carroll, Losee, Carson, Haas & Carroll, P.O. Drawer 239, Artesia, New Mexico 88211, this 7th day of January, 1994.



James Bruce