

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:

JUN 17 1994

APPLICATION OF NEARBURG EXPLORATION  
CORPORATION FOR COMPULSORY POOLING  
AND AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11012

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by NEARBURG  
EXPLORATION CORPORATION, as required by the Oil Conservation  
Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Nearburg Exploration Corporation  
3300 North "A" Street  
Midland, Texas 79705  
(915) 686-8235  
attn: Bob Shelton

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P.O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

**STATEMENT OF CASE**

Nearburg has a working interest ownership in the oil and gas minerals from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 18, T19S, R26E, NMPM, Eddy County, New Mexico.

The subject tract is located within one-mile of the current boundaries of the Cemetery-Morrow Gas Pool, said pool being spaced on 320-acre gas spacing and proration units pursuant to Division Order R-3194 issued effective February 15, 1967.

The subject well is to be drilled at an unorthodox gas well location 660 feet from the West line and 660 feet from the North line (Unit D) of Section 18 to test any and all formations in the pooled interval from the top of the Wolfcamp formation to the base of the Morrow formation.

The unorthodox location is based upon an effort to minimize the geologic risk involved in drilling this well to the Morrow formation by placing it at the optimum location for Cisco formation production should the Morrow formation be non-productive.

Nearburg has the voluntary agreement of approximately 60% of the working interest ownership of the oil & gas minerals from the top of the Wolfcamp to the base of the Morrow formation underlying the N/2 of Section 18.

Nearburg has proposed the subject well and its spacing unit to the remaining interest owners. Despite its good faith efforts, Nearburg has been unable to obtain a written voluntary agreement from all of those owners.

PROPOSED EVIDENCE

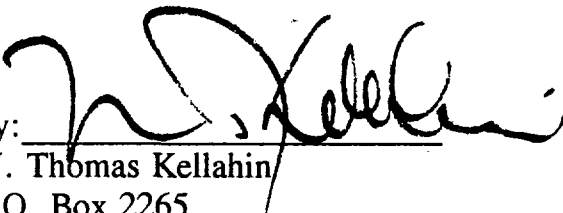
APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Bob Shelton (landman)	20 min.	@ 6 exhibits
Jerry Elger (geologist)	20 Min.	@ 3 exhibits

**PROCEDURAL MATTERS**

None anticipated at this time.

KELLAHIN AND KELLAHIN

By:   
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