

June 29, 2004

13304

**BY HAND DELIVERY**

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
Energy, Minerals & Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, NM 87504

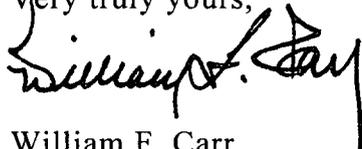
2004 JUN 29 PM 4 14

**Re: Application of JTD Resources, LLC for Compulsory Pooling, Lea County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the Application of JTD Resources, LLC, in the above-referenced case as well as a copy of the legal advertisement. JTD Resources, LLC, requests that this matter be placed on the July 22, 2004 Examiner Hearing docket.

Very truly yours,



William F. Carr  
of Holland & Hart LLP

WFC:keh  
Enclosures

cc: Dan M. Leonard, Manager  
JTD Resources, LLC

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

**IN THE MATTER OF THE APPLICATION  
OF JTD RESOURCES, LLC FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

2009 JUN 29 PM 4 14  
CASE NO. 13304

**APPLICATION**

JTD RESOURCES, LLC ("JTD"), 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 the NE/4 NW/4 of Section 13, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico from the surface to the base of the Abo formation for all formations and/or pools developed on 40-acre spacing, which includes but is not necessarily limited to the Undesignated D-K-Abo Pool and the House-Tubb Pool, and in support of its application states:

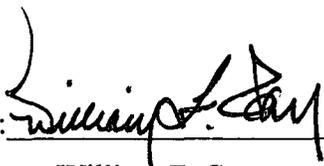
1. JTD is a working interest owner in the NE/4 NW/4 of Section 13 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing and proration units to its Big Kick Well No. 1 to be drilled at a standard oil well location 330 feet from the North line and 1650 feet from the West line of said Section 13 to an approximate depth of 7800 feet to test any and all formations from the surface to the base of the Abo formation.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of this spacing and proration unit with Apache Corporation, Two Warren Place, Suite 1500, 6120 South Yale, Tulsa, Oklahoma 74136-4224 that also owns working interest in the proposed spacing and proration unit.
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

Capataz Operating, Inc., contract operator for JTD, should be designated the operator of the well to be drilled.

WHEREFORE, JTD Resources, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 22, 2004, 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 unit,
- B. designating Capataz Operating, Inc. operator of these units and the well to be drilled thereon,
- C. authorizing JTD/Capataz to recover their costs of drilling, equipping and completing the well,
- D. approving the 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. providing for subsequent operations on the pooled acreage in accordance with the operating agreement between the parties, and
- G. imposing a 200% penalty for the risk assumed in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,  
HOLLAND & HART, LLP

By:  \_\_\_\_\_

William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
Telephone: (505) 988-4421

ATTORNEYS FOR JTD RESOURCES, LLC

CASE 13304:

**Application of JTD Resources, LLC for compulsory pooling, 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 Abo formation in the NE/4 NW/4 of Section 13, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico for all formations and/or pools developed on 40-acre spacing, which includes but is not necessarily limited to the Undesignated D-K-Abo Pool and the House-Tubb Pool. Said unit is to be dedicated to its Big Kick Well No. 1 to be drilled at a standard location 330 feet from the North line and 1650 feet from the West line of said Section 13 and drilled to a depth sufficient to test all formations from the surface to the base of the Abo 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 Capataz Operating, Inc., contract operator for JTD Resources, LLC, as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles south of Nadine, New Mexico.