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October 11, 2011

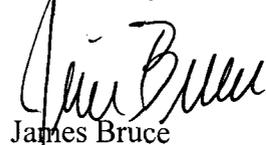
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14755

Dear Florene:

Enclosed for filing, on behalf of Principal Properties, are an original and one copy of an application for a non-standard unit, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. The parties being notified are set forth on Exhibit A. Please set this matter for the November 10, 2011 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Principal Properties

**HILLTOP FEDERAL #1 & NASSER FED. #1
SEC. 1-T21S-R21E
EDDY CO., NEW MEXICO**

OWNER NAME AND ADDRESS

NADEL AND GUSSMAN PERMIAN, L.L.C.
610 N. MARIENFELD, SUITE 508
MIDLAND, TEXAS 79701

RIO PECOS CORPORATION
4501 GREEN TREE BLVD.
MIDLAND, TEXAS 79707-1607

HOLLYHOCK CORPORATION
4105 BAYBROOK DRIVE
MIDLAND, TEXAS 79707-1433

TARA-JON CORPORATION
6003 MEADOWVIEW LANE
MIDLAND, TEXAS 79707-1661

MARK D. WILSON
4501 GREENTREE BLVD.
MIDLAND, TEXAS 79701

OXY Y-1
OXY Y-1 -JIB'S
P.O. BOX 27570
HOUSTON, TEXAS 77227

D & D PARTNERSHIP
830 EAST BIG BRIAR WAY
LACANADA, CALIFORNIA 91011-1819

ABO PETROLEUM CORPORATION
P.O. BOX 900
ARTESIA, NEW MEXICO 88211-0900

MYCO INDUSTRIES, INC.
P.O. BOX 840
ARTESIA, NEW MEXICO 88211

PRESIDIO RESOURCES, INC.
3918 FAIRWOOD COURT
MIDLAND, TEXAS 79707

APACHE CORP.
303 VETERIANS AIR PARK LANE
MIDLAND, TEXAS 79705

JOEL MARTIN OIL & GAS, INC
6301 HAYWOOD DRIVE
MIDLAND, TEXAS 79707

DORALEX ENERGY, INC.
3619 SOUTH JACKSON
SAN ANGELO, TEXAS 76904-5598

OWNER NAME AND ADDRESS

SCOTT E. MUEHLBRAD
2511 TERRACE
MIDLAND, TEXAS 79705

CAL-MON OIL COMPANY
500 WEST TEXAS AVENUE, SUITE 1200
MIDLAND, TEXAS 79701

ANDREWS OIL L.P.
1015 BEE CAVE WOODS DRIVE, SUITE 300 A
AUSTIN, TEXAS 78746

ESTATE OF SIDNEY W. COWAN,
DAVID CLAY COWAN, EXECUTOR
1010 SOUTH MAIN
DEL RIO, TEXAS 78840

MARY BETH BARTON
5506 NORTH COUNTY ROAD 1260
MIDLAND, TEXAS 79707

JAMES A MCCLATCHY
3411 MEADOWRIDGE LANE
MIDLAND, TEXAS 79707

KEN MACHO AND KLM PETRO CORP.
1720 CROSS POINT ROAD
MCKINNEY, TEXAS 75070

DON MCCLUNG
4110 EAST 37TH STREET
ODESSA, TEXAS 79762

PARTNERSHIP MANAGEMENT, INC.
6003 MEADOWVIEW LANE
MIDLAND, TEXAS 79707

KLM PETROLEUM CORPORATION
1305 TERRA COURT
MIDLAND, TEXAS 79705

JAMES B WOODARD
3405 FELDSPAR LANE
MIDLAND, TEXAS 79707-2404

DILLARD FISHER DILLARD PRTN
415 WEST WALL, SUITE 1510
MIDLAND, TEXAS 79701

YATES PETROLEUM CORPORTATION
105 SOUTH FORTH STREET
ARTESIA, NEW MEXICO 88210

EXHIBIT

A

MULE DEER ATU FEDERAL COM
SEC. 11-T21S-R21E
EDDY CO., NEW MEXICO

OWNER NAME AND ADDRESS

YATES PETROLEUM CORPORATION (Operator) (W/2 and SE/4)
105 SOUTH FORTH STREET
ARTESIA, NEW MEXICO 88210

EXXON MOBIL CORPORATION (NE/4)
P.O. BOX 4610
CORP. - WGR-706
HOUSTON, TEXAS 77210-4610
ATTN: DYLAN BOYER

SEC. 12, N/2 - T21S-R21E
EDDY CO., NEW MEXICO

ORR EXPLORATION LTD.
3600 STENERIDGE ROAD, # A-101
AUSTIN, TEXAS 78746-7720

Section 2 N/2 - T21S - R21E
EDDY CO., NEW MEXICO

STATE OF NEW MEXICO - OPEN

SEC. 2, S/2 - T21S-R21E
EDDY CO., NEW MEXICO

ORR EXPLORATION LTD.
3600 STENERIDGE ROAD, # A-101
AUSTIN, TEXAS 78746-7720

Section 12 S/2 - T21S - R21E
EDDY CO., NEW MEXICO

OWNER NAME AND ADDRESS

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. MARIENFELD, SUITE 508
MIDLAND, TX 79701

HEATHER WILSON ECHOLS
6003 MEADOWVIEW LANE
MIDLAND, TX 79707-1661

TARA-JON CORPORATION
6003 MEADOWVIEW LANE
MIDLAND, TX 79707-1661

J. CLEO THOMPSON AND JAMES
CLEO THOMPSON JR., L.P.
325 NORTH ST. PAUL, SUITE 4300
DALLAS, TX 75201

MCCOMBS ENERGY, LTD
5599 SAN FELIPE, SUITE 1200
HOUSTON, TX 77056-2794

GERONIMO HOLDING CORPORATION
P.O. BOX 804
MIDLAND, TX 79702-0804

RIO PECOS CORPORATION
4501 GREEN TREE BLVD.
MIDLAND, TX 79701-1607

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF PRINCIPAL PROPERTIES
FOR APPROVAL OF A NON-STANDARD GAS
SPACING AND PRORATION UNIT, EDDY
COUNTY, NEW MEXICO.

RECEIVED OGD
2011 OCT 11 14 755
Case No. 11175 1-09

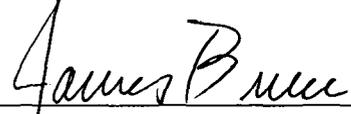
APPLICATION

Principal Properties applies for an order approving a non-standard 320 acre gas spacing and proration unit in the Morrow formation comprised of the SW $\frac{1}{4}$ of Section 1 and the NW $\frac{1}{4}$ of Section 12, Township 21 South, Range 21 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, applicant states:

1. Applicant is an interest owner in the SW $\frac{1}{4}$ of Section 1 and the NW $\frac{1}{4}$ of Section 12.
2. Applicant requests approval of a non-standard 320 acre gas spacing and proration unit in the Morrow formation (Little Box Canyon-Morrow Gas Pool) comprised of the SW $\frac{1}{4}$ of Section 1 and the NW $\frac{1}{4}$ of Section 12. The request is based on geological reasons. ? ✓
3. The non-standard unit will be dedicated to the Horseshoe Canyon Fed. Com. Well No. 1, to be located at an unorthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 1.
4. Approval of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests approval of the a non-standard 320 acre gas spacing and proration unit in the Morrow formation comprised of the SW $\frac{1}{4}$ of Section 1 and the NW $\frac{1}{4}$ of Section 12, Township 21 South, Range 21 East, N.M.P.M.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Principal Properties

PROPOSED ADVERTISEMENT

Case 14755 :

Application of Principal Properties for a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order approving a non-standard 320 acre gas spacing and proration unit in the Morrow formation (Little Box Canyon-Morrow Gas Pool) comprised of the SW $\frac{1}{4}$ of Section 1 and the NW $\frac{1}{4}$ of Section 12, Township 21 South, Range 21 East, N.M.P.M. The unit is to be dedicated to the Horseshoe Canyon Fed. Com. Well No. 1, to be drilled at an unorthodox location in the SW/4SW/4 of Section. The unit is located approximately 1 miles west-southwest of Seven Rivers, New Mexico.

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