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May 10, 2005

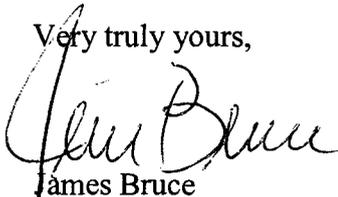
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 13495*

Dear Florene:

Enclosed for filing, on behalf of JTD Resources, LLC, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the June 2, 2005 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for JTD Resources, LLC

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PERSONS BEING POOLED

Anderson Carter II  
P.O. Box 7190  
Ruidoso, New Mexico 88355

Michael Chappell  
Route 4, Box 362  
Astoria, Oregon 97122

Steve Chappell  
P.O. Box 249  
West Brownfield, Maine 04010

Bruce Chappell  
2515 Louise Lane  
Billings, Montana 59102

Ronald Chappell  
128 Sirius Avenue  
Lompoc, California 93436

Beverly Johnson  
5715 Bent Branch Road  
Bethesda, Maryland 20816

Devon Louisiana Corporation  
P.O. Box 108838  
Oklahoma City, Oklahoma 73101

Attention: Richard Winchester

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

Case No. 13495

**APPLICATION**

JTD Resources, LLC applies for an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 3, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill its Salem Well No. 1, at an orthodox location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 3, to a depth sufficient to test the Abo formation, and seeks to dedicate the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 3 to the well to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Nadine-San Andres Pool, Undesignated House-Blinebry Pool, Undesignated North House-Tubb Pool, Undesignated House (Drinkard) Pool, and Undesignated House-Abo Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 3 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

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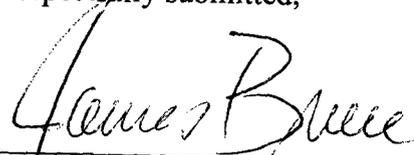
Therefore, applicant seeks an order pooling all mineral interest owners in the NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> of Section 3, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> of Section 3 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> of Section 3, from the surface to the base of the Abo formation;
- B. Designating Capataz Operating, Inc. as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for JTD Resources, LLC

PROPOSED ADVERTISEMENT

Case No. 13495 : **Application of JTD Resources, LLC for compulsory pooling, Lea County, New Mexico:** JTD Resources, LLC seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4NE/4 of Section 3, Township 20 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Nadine-San Andres Pool, Undesignated House-Bliebry Pool, Undesignated North House-Tubb Pool, Undesignated House (Drinkard) Pool, and Undesignated House-Abo Pool. The unit is to be dedicated to the Salem Well No. 1, to be located at an orthodox oil well location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Capataz Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile south of Nadine, New Mexico.

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