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August 16, 2005

*Case 13495*

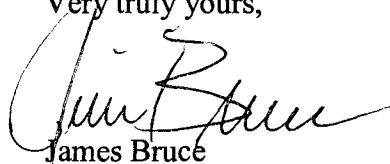
Hand delivered

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

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 September 8, 2005 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for JTD Resources, LLC

PERSONS BEING POOLED

Black Stone Acquisition Partners I, L.P.  
Suite 2020  
1001 Fannin  
Houston, Texas 77002

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF JTD RESOURCES,  
LLC TO REOPEN CASE NO. 13,495  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

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**Case No. 13,495 (Reopened)**

**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.

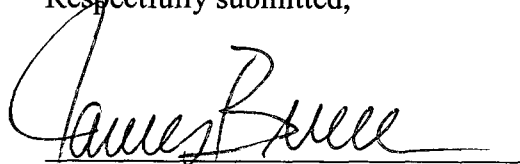
Therefore, applicant seeks an order pooling all mineral interest owners in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 3, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NE $\frac{1}{4}$ NE $\frac{1}{4}$  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 $\frac{1}{4}$ NE $\frac{1}{4}$  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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for JTD Resources, LLC