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August 20, 2013

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

Dear Florene:

Enclosed for filing, on behalf of Legend Natural Gas III, LP, are an original and one copy of an application to abolish pool rules, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set the application for the September 19, 2013 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Legend Natural Gas III, LP

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2013 AUG 20 P. 12: 49

Case 15041

Parties Being Notified

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

COG Operating LLC
One Concho Center
600 West Illinois
Midland, Texas 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF LEGEND NATURAL GAS III,
LP FOR SPECIAL RULES AND REGULATIONS
FOR THE NORTH HAY HOLLOW- BONE SPRING
POOL, EDDY COUNTY, NEW MEXICO.

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Case No. 15041

APPLICATION

Legend Natural Gas III, LP applies for an order establishing special rules and regulations for the North Hay Hollow-Bone Spring Pool (the "Pool"), and in support thereof, states:

1. Applicant is an operator in the Pool (Pool Code 30216).
2. The Pool was established by Division Order No. R-8065, and currently includes,

or is proposed by the Division to include, the following acreage:

Township 25 South, Range 27 East, N.M.P.M.

- Section 12: All
- Section 23: E/2
- Section 24: All
- Section 25: All
- Section 26: E/2

Township 25 South, Range 28 East, N.M.P.M.

- Section 7: E/2
- Section 17: W/2
- Section 18: All
- Section 19: All
- Section 20: W/2
- Section 29: W/2
- Section 30: All

The Pool has a depth bracket allowable of 107 barrels of oil per day for a standard 40 acre oil spacing and proration unit, with a statewide producing gas:oil ratio of 2000:1.

3. Horizontal wells in the pool are capable of producing in excess of the Pool's depth bracket allowable, without waste.

4. Applicant requests that:

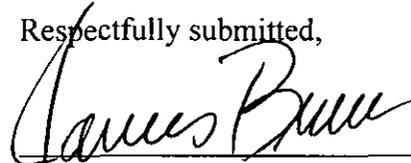
(a) Special rules and regulations be enacted for the Pool, providing for a special depth bracket allowable of 375 barrels of oil per day for a standard 40 acre oil spacing and proration unit; and

(b) All other rules remain in conformance with statewide rules.

5. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,



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

Attorney for Legend Natural Gas III, LP

PROPOSED ADVERTISEMENT

Case No. 65041:

Application of Legend Natural Gas III, LP for special pool rules, Eddy County, New Mexico.
Applicant seeks an order establishing special rules and regulations for the North Hay Hollow-Bone Spring Pool, including a special depth bracket allowable of 375 barrels of oil per day for a standard 40 acre oil spacing and proration unit. The pool covers all or parts of Sections 12, 13, and 24-26, Township 25 South, Range 27 East, NMPM, and Sections 7, 17-20, 29, and 30, Township 25 South, Range 28 East, NMPM. The Pool is centered approximately 8 miles south-southwest of Malaga, New Mexico.

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2013 AUG 20 P. 12: 49