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DEC 20 2005

OIL CONSERVATION  
DIVISION

December 18, 2005

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

*Case 13632*

Dear Florene:

Enclosed for filing, on behalf of Nadel and Gussman Permian, L.L.C., 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 January 19, 2006 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Nadel and Gussman Permian, L.L.C.

Parties Being Pooled

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

Earl Cochell  
7914 West Dodge Road  
Omaha, Nebraska 68114

Chi Energy, Inc.  
P.O. Box 1799  
Midland, Texas 79702

Larry A. Jones  
Route 1, Box 29  
Central City, Nebraska 68826

Attention: John W. Qualls

R.M. Williams  
P.O. Box 2010  
Hobbs, New Mexico 88240

Hallwood Consolidated Partners  
c/o Chevron Texaco Inc.  
15 Smith Road  
Midland, Texas 79705

Attention: Denise Beckham

Yeso Energy, Inc.  
P.O. Box 2248  
Roswell, New Mexico 88202

Jim L. Sharp  
P.O. Box 2010  
Hobbs, New Mexico 88240

DEBCO, L.L.C.  
106 Flowing Spring Trail  
Marble Falls, Texas 78654

H.W. Smith  
P.O. Box 2010  
Hobbs, New Mexico 88240

Barry L. Antweil  
P.O. Box 2010  
Hobbs, New Mexico 88240

Mark V. Antweil  
P.O. Box 2010  
Hobbs, New Mexico 88240

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION  
OIL CONSERVATION  
DIVISION

**APPLICATION OF NADEL AND GUSSMAN  
PERMIAN, L.L.C. FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

Case No. 13632

**APPLICATION**

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$  of Section 30, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$  of Section 30, and has the right to drill a well thereon.
2. Applicant proposes to drill its Hermes Fee Well No. 1, at an orthodox well location in the NW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 30, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
  - (a) The NW $\frac{1}{4}$ NE $\frac{1}{4}$  to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated South Loving-Delaware Pool;
  - (b) The NE $\frac{1}{4}$  to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and
  - (c) The E $\frac{1}{2}$  to form a 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the North Loving-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 30 for the purposes set forth herein.

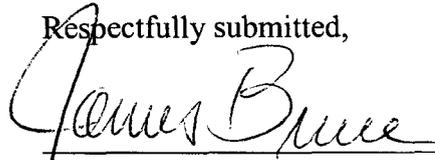
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 30, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 30 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 E½ of Section 30, from the surface to the base of the Morrow formation;
- B. Designating applicant 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 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 Nadel and Gussman Permian, L.L.C.

PROPOSED ADVERTISEMENT

Case No. 13632 : **Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico:** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 30, Township 23 South, Range 28 East, NMPM, and in the following morning: The E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the North Loving-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the NW/4NE/4 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 South Loving-Delaware Pool. The units are to be designated to the Hermes Fee Well No. 1, to be located at an orthodox location in the NW/4NE/4 of Section 30. 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 applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 1-1/2 miles southwest of Loving, New Mexico.

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