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January 31, 2006

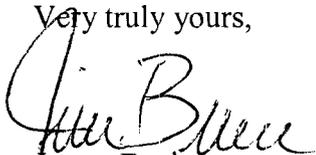
Case 13649

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

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 March 2, 2006 Examiner hearing. Thank you.

Very truly yours,


James Bruce

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

Parties Being Pooled

Earl Cochell
7914 West Dodge Road
Omaha, Nebraska 68114

Robert J. Jones Estate
Mrs. Robert J. Jones
Larry A. Jones
Route 1, Box 29
Central City, Nebraska 68826

Estate of R.M. Williams
5 Dovekie Court
Nantucket, Massachusetts

HEC Petroleum, Inc.
f/k/a Hallwood Petroleum
c/o Chevron Texaco Inc.
15 Smith Road
Midland, Texas 79705

Attention: Denise Beckham

Jim L. Sharp
1020 West Foxwood Lane
Wylie, Texas 75098

H.W. Smith
Address Unknown

Barry L. Antweil
12610 Stillwood Park Court
Cypress, Texas 77433

Mark V. Antweil
P.O. Box 365
Larchmont, New York 10538

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2006 JAN 31 PM 2 09

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

Case No. 13649

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.

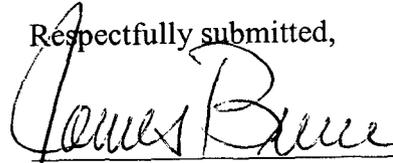
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks 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. 13649 : **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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