



November 1, 2005

**HAND-DELIVERED**

*Case 13598*

2005 NOV 1 PM 5 04

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Hudson Oil Company of Texas, William A. Hudson and  
Edward R. Hudson for compulsory pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Hudson Oil Company of Texas, William A. Hudson and  
Edward R. Hudson ("Hudson") in the above-referenced case as well as a copy of a legal  
advertisement. Hudson requests that this matter be placed on the docket for the  
December 1, 2005 Examiner hearings.

Very truly yours,

William F. Carr  
Attorney for Hudson Oil Company of Texas,  
William A. Hudson, and William R. Hudson

Enclosures

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

2005 NOV 1 PM 5 04

IN THE MATTER OF THE APPLICATION  
OF HUDSON OIL COMPANY OF TEXAS,  
WILLIAM A. HUDSON, AND EDWARD R.  
HUDSON FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 13598

APPLICATION

HUDSON OIL COMPANY OF TEXAS, WILLIAM A. HUDSON AND EDWARD R. HUDSON (hereinafter collectively referred to as "Hudson") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17(C), for an order pooling all mineral interests from the Base of the San Andres formation through the base of the Morrow formation in the following described acreage in Section 12, Township 17 South, Range 31 East, NMPM: the N/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Fren-Morrow Gas Pool; the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and the NW/4 NW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated East Fren-Paddock Pool, and in support thereof states:

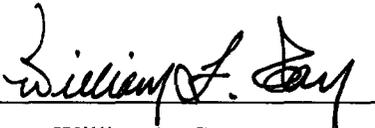
1. Hudson is a working interest owner in the N/2 of said Section 12 and has the right to drill thereon.
2. Hudson proposes to dedicate the above-referenced spacing and proration unit to its Francotte Federal Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 12 to an approximate depth of 12,500 feet to test all formations from the base of the San Andres formation through the base of the Morrow formation.
3. Hudson has sought and been unable to obtain voluntary agreement for the development of these lands from the interest owners identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit Hudson the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Hudson Oil Company of Texas should be designated the operator of the well to be drilled.

WHEREFORE, Hudson requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 1, 2005 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing units,
- B. designating Hudson Oil Company of Texas operator of this spacing unit and the well to be drilled thereon,
- C. authorizing Hudson to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by Hudson in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR HUDSON OIL  
COMPANY OF TEXAS, WILLIAM A.  
HUDSON AND EDWARD R. HUDSON

**Exhibit A**

**Application of Hudson Oil Company of Texas,  
William A. Hudson and Edward R. Hudson  
for compulsory pooling  
Eddy County, New Mexico.**

(Francotte Federal Well No. 1)  
Section 12:Unit Letter D  
Township 17 South, Range 31 East, NMPM  
Eddy County, New Mexico.

The P.I.P. 1990 Trust  
Wendell W. Iverson, Trustee  
Post Office Box 10508  
Midland, Texas 79702

S.J.I. 1990 Trust  
Wendell W. Iverson, Trustee  
Post Office Box 10508  
Midland, Texas 79702

W.W.I. 1990 Trust  
Wendell W. Iverson, Trustee  
Post Office Box 10508  
Midland, Texas 79702

S. J. Iverson Trust  
H. Greg Holcomb, Trustee  
bank of America NA  
Act. No. 01/0258100  
Post Office Box 840738  
Dallas, Texas 75284-0738

Ard Oil Limited  
Ard Energy Group Limited  
222 West 4th Street, PH-5  
Fort Worth, Texas 76102

CASE 13598:

**Application of Hudson Oil Company of Texas, Willaim A. Hudson and Edward R. Hudson for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the base of the San Andres formation through the base of the Morrow formation in the following described acreage in Section 12, Township 17 South, Range 31 East, NMPM: the N/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Fren-Morrow Gas Pool; the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent and the NW/4 NW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated East Fren-Paddock Pool. Said units are to be dedicated to its Francotte Federal Well No. 1 to be drilled 660 feet from the North and West lines of said Section 12 to an approximate depth of 12,500 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Hudson Oil Company of Texas as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles east northeast of Maljamar, New Mexico.