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2006 OCT 10 AM 9 48

October 9, 2006

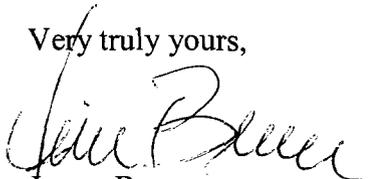
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13804

Dear Florene:

Enclosed for filing, on behalf of Read & Stevens, Inc., are an original and one copy of an application to limit spacing rules, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 9, 2006 Examiner hearing. Thanks.

Very truly yours,


James Bruce

Attorney for Read & Stevens, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF READ & STEVENS, INC.
TO LIMIT THE WELL SPACING RULES OF
THE LAKE ARTHUR-PENNSYLVANIAN GAS
POOL TO ITS CURRENT HORIZONTAL EXTENT,
CHAVES COUNTY, NEW MEXICO.

Case No. 13804 2006 OCT 10 AM 9 48

APPLICATION

Read & Stevens applies for an order limiting the well spacing rules of the Lake Arthur-Pennsylvanian Gas Pool (the "Pool") to its current horizontal extent, and in support thereof, states:

1. Applicant is a working interest owner and operator in the Pool.
2. The Pool was created by Commission Order No. R-2449, dated March 20, 1963,

and currently covers the following lands in Chaves County, New Mexico:

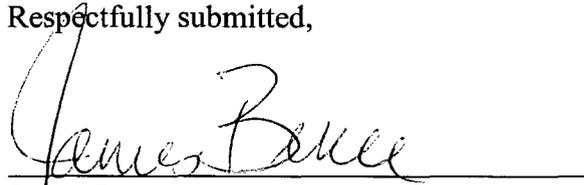
Township 15 South, Range 26 East, N.M.P.M.
Section 36: SE $\frac{1}{4}$

Township 15 South, Range 27 East, N.M.P.M.
Section 31: SW $\frac{1}{4}$

3. The Commission's statewide rules then in effect provided for 160 acre spacing for Pennsylvanian gas pools. Those rules still apply to the Pool.
4. Applicant requests that the well spacing rules for the Pool be limited to acreage currently within the designated horizontal extent of the Pool, so that future development in the area is governed by the Division's 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 relief requested above be granted

Respectfully submitted,

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

James Bruce
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Attorney for Read & Stevens, Inc.

PROPOSED ADVERTISEMENT

Case No. 13804 : **Application of Read & Stevens, Inc. to limit the well spacing rules of the Lake Arthur-Pennsylvanian Gas Pool to its current horizontal extent, Chaves County, New Mexico.** Applicant seeks an order limiting the well spacing rules of the Lake Arthur-Pennsylvanian Gas Pool to acreage currently within the designated horizontal extent of the pool. The pool is developed on 160 acre spacing. The pool covers the SE $\frac{1}{4}$ of Section 36, Township 15 South, Range 26 East, NMPM and the SW $\frac{1}{4}$ of Section 31, Township 15 South, Range 27 East, NMPM. The pool is centered approximately 11 miles northeast of Artesia, New Mexico.

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