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December 5, 2006

HAND-DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87504

Re: NMOCD Case No. 13847; Application of Encore Operating, L.P. for
Compulsory Pooling, Eddy County, New Mexico

Dear Florene:

Enclosed for filing is an Application in the referenced matter. Also enclosed in hard copy and on disk is a proposed advertisement for the Division's use.

Please schedule the hearing for the January 4, 2007 Examiner hearing docket. Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb
Enclosures

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2006 DEC 5 PM 3 06

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

2006 DEC 5 PM 3 06

**IN THE MATTER OF THE APPLICATION
OF ENCORE OPERATING, L.P. FOR
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 13847

APPLICATION

Encore Operating, L.P. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Section 27, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in Section 27, and has the right to drill or re-enter a well thereon.
2. Applicant proposes to re-enter the plugged and abandoned Catclaw Draw Unit Well No. 10, located 1650 feet from the south and east lines of Section 27, which is to be re-named the Encore 27 Catclaw Com. Well No. 1. The existing plugs will be drilled out and a completion will be attempted in the Morrow formation. Applicant seeks to dedicate Section 27 to the well to form a standard 640 acre gas spacing and proration unit for any formations and/or pools developed on 640 acre spacing within that vertical extent, including the Catclaw Draw-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 27 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the re-entry 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 Section 27, pursuant to NMSA 1978 §70-2-17.

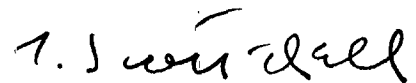
5. The pooling of all mineral interests underlying Section 27 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in Section 27, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering 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 re-entering and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

Miller Stratvert, P.A.



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Attorneys for Encore Operating, L.P.

PROPOSED ADVERTISEMENT

Case No. 13847: Application of Encore Operating, L.P. 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 Section 27, Township 21 South, Range 25 East, NMPM, to form a 640-acre gas spacing and proration unit for all formations and/or pools developed on 6400 acre spacing within that vertical extent, including the Catclaw Draw-Morrow Gas Pool. The unit is to be dedicated to the plugged and abandoned Catclaw Draw Unit Well No. 10, located 1650 feet from the south and east lines of Section 27, which is to be re-named the Encore 27 Catclaw Com. Well No. 1. A completion will be attempted in the Morrow formation. 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 re-entering and completing the well. The unit is located approximately 12 miles west of Carlsbad, New Mexico.

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