

April 10, 2007

**Via Hand Delivery**

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

*Case 13917*

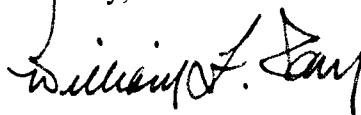
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**Re: Application of High Plains Operating Co., LLC for rescission of special pool rules, Sandoval County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the application of High Plains Operating Company, LLC in the above-referenced case as well as a copy of a legal advertisement. High Plains requests that this matter be placed on the docket for the May 10, 2007 Examiner hearings.

Sincerely,



William F. Carr  
Ocean Munds-Dry  
for Holland & Hart LLP

cc: Mr. Butch Butler  
Mr. Richard Mrlik

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

IN THE MATTER OF THE APPLICATION  
OF HIGH PLAINS OPERATING CO., LLC FOR  
RESCISSION OF SPECIAL POOL RULES,  
SANDOVAL COUNTY, NEW MEXICO.

CASE NO. 13947

2007 APR 10  
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APPLICATION

HIGH PLAINS OPERATING COMPANY, LLC, ("High Plains") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17 (2006), for an order rescinding the Special Pool Rules for the Southeast Arena Blanca-Entrada Pool (Code 96899), and in support of this application states:

1. High Plains is a working interest owner and operator in the Southeast Arena Blanca-Entrada Pool and has the right to drill therein.

2. The Southeast Arena Blanca-Entrada Pool was established by Division Order No. R-11374, dated May 17, 2000, and includes the following acreage in Sandoval County, New Mexico:

**Township 19 North, Range 4 West, NMPM**

Section 8: N/2

3. Temporary Special Rules and Regulations for the Southeast Arena Blanca-Entrada Pool were adopted by Division Order R-11374, which provide that each well shall be located on a unit containing 160 acres, more or less, which consists of the NE/4, SE/4, SW/4 or NW/4 of a single governmental section (Rule 2) with wells located no closer than 660 feet to any outer boundary of a unit (Rule 4).

4. Current information establishes that one well per 160 acres does not efficiently and economically drain the remaining Entrada reserves in this reservoir and continuing to produce this reservoir with only one well per 160-acre spacing unit will result in hydrocarbons ultimately being left in the ground thereby causing waste.

5. Division Rule 104(B) provides that a 40-acre spacing unit shall be dedicated to an oil well and such well shall be located no closer than 330 feet to any boundary of such unit.

6. Division Order R- 11374-B, dated August 8, 2002 continued the effect of the Temporary Special Pool Rules for the Southeast Arena Blanca-Entrada Pool until further order by the Division. The Division also retained its jurisdiction for entry of such further orders as the Division deems necessary.

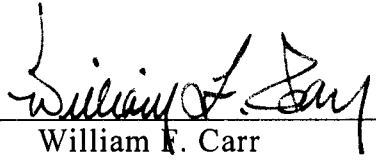
7. High Plains seeks the rescission of the Special Pool Rules for the Southeast Arena Blanca-Entrada Pool, thereby permitting this pool to be developed in a manner consistent with the Division's General Rule 104.

8. Approval of this application will result in the production of hydrocarbons which otherwise will not be produced and will be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, High Plains Operating Company, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 10, 2007 and, after notice and hearing as required by law, that the application be approved.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr

Ocean Munds-Dry

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Santa Fe, New Mexico 87504

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**ATTORNEYS FOR**  
**HIGH PLAINS OPERATING COMPANY, LLC**

CASE 13917: **Application of High Plains Operating Co., LLC for rescission of the Special Pool Rules for the Southeast Arena Blanca-Entrada Pool, Sandoval County, New Mexico.** Applicant, in the above-styled cause seeks the rescission of the Special Rules for the Southeast Arena Blanca-Entrada Pool thereby permitting this pool to be developed in a manner consistent with the General Rules and Regulations of the Division. The Southeast Arena Blanca-Entrada Pool is located in Section 8 of Township 19 North, Range 4 West, NMPM. Said pool is located approximately 20 miles southwest of Cuba, New Mexico.