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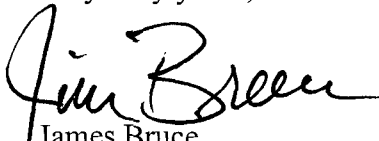
July 10, 2007

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

Dear Florene:

Enclosed for filing, on behalf of U.S. Enercorp, Ltd., are an original and one copy of an application for two non-standard units, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the August 9, 2007 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce  
Attorney for U.S. Enercorp, Ltd.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF U.S. ENERCORP, LTD.  
FOR TWO NON-STANDARD OIL SPACING  
AND PRORATION UNITS, RIO ARRIBA  
COUNTY, NEW MEXICO.

Case No. \_\_\_\_\_

APPLICATION

U.S. Enercorp, Ltd. applies for an order approving two non-standard oil spacing and proration units in the Mancos formation, and in support thereof, states:

1. Applicant requests approval of the following non-standard well units:

Township 23 North, Range 1 West, N.M.P.M.

Section 2: Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , and SE $\frac{1}{4}$  (the E $\frac{1}{2}$ )

Containing 322.65 acres.

Township 23 North, Range 1 West, N.M.P.M.

Section 3: Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , and SW $\frac{1}{4}$  (the W $\frac{1}{2}$ )

Containing 321.39 acres.

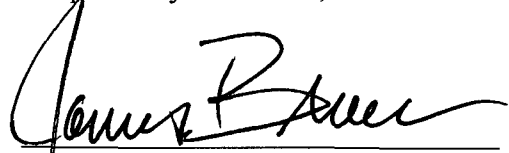
2. The above-described lands are in the West Puerto Chiquito-Mancos Pool. The special rules and regulations for the West Puerto Chiquito-Mancos Pool provide for 640 acre well units, comprised of a single governmental section, with wells to be located no closer than 1650 feet to the outer boundary of a well unit and no closer than 330 feet to a quarter section line. **Order No. R-2565-B, as amended, and Order No. R-6469-A, as amended.**

3. The approval of the non-standard units is in the interests of conservation and the prevention of waste.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order approving two non-standard oil spacing and proration units in the Mancos formation, comprised of the E $\frac{1}{2}$  of Section 2 and W $\frac{1}{2}$  of Section 3.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for U.S. Enercorp, Ltd.