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October 30, 2007


*Case 14035*

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

Dear Florene:

Enclosed for filing, on behalf of BC Operating, Inc., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 29, 2007 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for BC Operating, Inc.

Parties Being Pooled

Cimarron Exploration Co.  
P.O. Box 1592  
Roswell, New Mexico 88202

Attention: Richard Gilliland

Nadel and Gussman Permian, L.L.C.  
Suite 508  
601 North Marienfeld  
Midland, Texas 79701

Attention: Sam H. Jolliffe IV

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF BC OPERATING, INC.  
FOR COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO.

Case No. 14035

APPLICATION

BC Operating, Inc. applies for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S½ of Section 17, Township 13 South, Range 27 East, N.M.P.M., Chaves County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the S½ of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill the Siglo IV Well No. 1, at an orthodox location in the SW¼SW¼ of Section 17, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the following acreage to the well:
  - (a) the S½ to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Greenfield-Wolfcamp Gas Pool; and
  - (b) the SW¼ to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 17 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling 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.

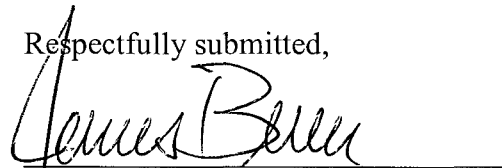
Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 17 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 the S½ of Section 17, from the surface to the base of the Wolfcamp formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling 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 drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

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

Attorney for BC Operating, Inc.

PROPOSED ADVERTISEMENT

Case No. 14035: **Application of BC Operating, Inc. for compulsory pooling, Chaves County, New Mexico:** Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 17, Township 13 South, Range 27 East, NMPM: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Greenfield-Wolfcamp Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to the Siglo IV Well No. 1, to be drilled at an orthodox location in the SW/4SW/4 of Section 17. 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 drilling and completing the well. The units are located approximately 6 miles east of Dexter, New Mexico.

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