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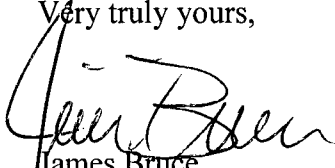
Case 14172

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

Dear Florene:

Enclosed for filing, on behalf of BEPCO, L.P., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement was previously e-mailed to the Division. Please set this matter for the August 21, 2008 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for BEPCO, L.P.

PARTIES BEING POOLED

Nearburg Producing Company
Building 2, Suite 120
3300 North "A" Street
Midland, Texas 79705

Attention: Terry Gant

Robert G. Shelton
c/o Roca Resources
P.O. Box 1981
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF BEPCO, L.P. FOR
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

Case No. 14172

APPLICATION

BEPCO, L.P. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N $\frac{1}{2}$ of Section 17, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the N $\frac{1}{2}$ of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its Big Eddy Unit Well No. 218, at an orthodox well location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
 - (a) the NW $\frac{1}{4}$ NW $\frac{1}{4}$ to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Indian Draw-Delaware Pool;
 - (b) the NW $\frac{1}{4}$ 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; and
 - (c) the N $\frac{1}{2}$ 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 Undesignated Dublin Ranch-Atoka Gas Pool and Undesignated Dublin Ranch-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ of Section 17 for the purposes set forth herein.

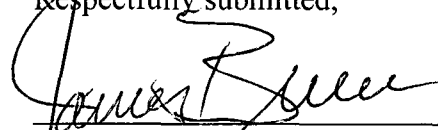
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ 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 N½ of Section 17, from the surface to the base of the Morrow 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,



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

Attorney for BEPCO, L.P.

PROPOSED ADVERTISEMENT

Case No. 14172 : **Application of BEPCO, 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 the following described acreage in Section 17, Township 22 South, Range 28 East, NMPM, and in the following manner: The N/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 Undesignated Dublin Ranch-Atoka Gas Pool and Undesignated Dublin Ranch-Morrow Gas Pool; the NW/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; and the NW/4NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Indian Draw-Delaware Pool. The units are to be dedicated to the Big Eddy Unit Well No. 218, to be drilled at an orthodox well location in the NW/4NW/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 4 miles northeast of Otis, New Mexico.