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June 24, 2008

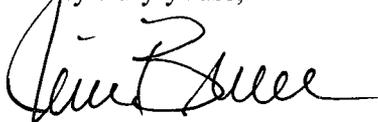
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14152

Dear Florene:

Enclosed for filing, on behalf of Read & Stevens, 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 July 24, 2008 Examiner hearing. Thanks.

Very truly yours,



James Bruce

Attorney for Read & Stevens, Inc.

PERSONS BEING POOLED

Ard Oil, Ltd.
PH 5
222 West 4th Street
Fort Worth, Texas 76102

Lindy's living Trust
616 Texas
Fort Worth, Texas 76102

Moore & Shelton Co.
P.O. Box 3030
Galveston, Texas 77552

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF READ & STEVENS, INC.
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

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Case No. 14152

APPLICATION

Read & Stevens, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1-4 and the S $\frac{1}{2}$ N $\frac{1}{2}$ (the N $\frac{1}{2}$ equivalent) of Section 5, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ of Section 5, and has the right to drill a well thereon.
2. Applicant proposes to drill its Highway 5 Fed. Com. Well No. 1, at an orthodox location in Lot 4 (the NW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 5, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
 - (a) Lots 3, 4, and the S $\frac{1}{2}$ NW $\frac{1}{4}$ (the NW $\frac{1}{4}$ equivalent) to form a standard 160.05 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and
 - (b) The N $\frac{1}{2}$ to form a standard 320.20 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Quail Ridge-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 5 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 5, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 5 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 5, 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.

APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.

Respectfully submitted,



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

Attorney for Read & Stevens, Inc.

PROPOSED ADVERTISEMENT

Case No. 14152: **Application of Read & Stevens, Inc. for compulsory pooling, Lea 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 5, Township 20 South, Range 34 East, NMPM, and in the following manner: Lots 1-4 and the S/2N/2 (the N/2 equivalent) to form a standard 320.20-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 Quail Ridge-Morrow Gas Pool; and Lots 3, 4, and the S/2NW/4 (the NW/4 equivalent) to form a standard 160.05-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 Highway 5 fed. Com. Well No. 1, to be drilled at an orthodox location in Lot 4 (the NW/4NW/4) of Section 5. 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 18-1/2 miles west-southwest of Monument, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER BE TAKEN UNDER ADVISEMENT**

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