

# 13195

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Oil Conservation Division

November 25, 2003

Hand Delivered

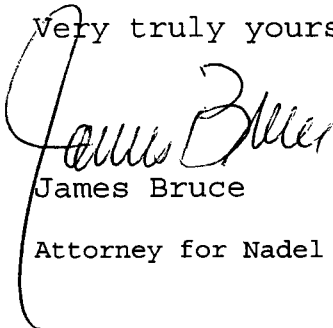
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Nadel and Gussman Permian, L.L.C. Please set this matter for the December 18, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Nadel and Gussman Permian, L.L.C.

Parties Being Pooled

Helen J. Hardgrave and Meredith  
E. Hardgrave, Trustees of the  
Helen J. Hardgrave and Meredith  
E. Hardgrave Revocable Living Trust

Stanico Energy Corporation

Edna Mae Watt

Roy G. Barton and Claudia R. Barton

Jimmie Lee Collier, Individually  
and as Personal Representative of  
the Estate of James A. Collier

Chalmers A. Loughridge, Executor of  
the Estate of George A. Lundblade

Eugene D. Lundblade

David B. Brown

George E. Richardson

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Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF NADEL AND GUSSMAN  
PERMIAN, L.L.C. FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.

No. 13195

APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 4, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S½ of Section 4, and has the right to drill a well thereon.

2. Applicant proposes to drill its Apollo Fee Well No. 1, at an orthodox location in the SW¼SW¼ of Section 4, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The SW¼SW¼ of Section 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 Herradura Bend-Delaware Pool;

(b) The S½SW¼ of Section 4 to form a standard 80 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated South Culebra Bluff-Bone Spring Pool;

(c) The SW¼ of Section 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  
(d) The S½ of Section 4 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 North Loving-Atoka Gas Pool and Undesignated North Loving-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 4 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 4, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 4, as set forth above, 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 4, 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 thereof among the well's working

interest owners;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure;

E. Setting a cost plus 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; and

F. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in cursive script, 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 Nadel and Gussman  
Permian, L.L.C.

## PROPOSED ADVERTISEMENT

Case 13/95: Application of Nadel and Gussman Permian, L.L.C. 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 4, Township 23 South, Range 28 East, NMPM, and in the following manner: The S $\frac{1}{2}$  to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the North Loving-Atoka Gas Pool and Undesignated North Loving-Morrow Gas Pool; the SW $\frac{1}{4}$  to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; the S $\frac{1}{2}$ SW $\frac{1}{4}$  to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including but not limited to the Undesignated South Culebra Bluff-Bone Spring Pool; and the SW $\frac{1}{4}$ SW $\frac{1}{4}$  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 but not limited to the Undesignated Herradura Bend-Delaware Pool. The units are to be dedicated to applicant's Apollo Fee Well No. 1, to be drilled at an orthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 4. 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 cost-plus 200% charge for the risk involved in drilling and completing the well. The units are located approximately 3 miles north-northeast of Loving, New Mexico.

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