

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

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OIL CONSERVATION DIV

March 28, 2000

Hand Delivered

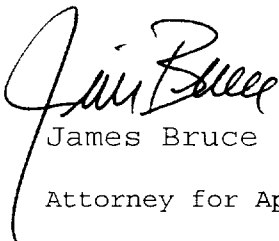
Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

12380

Dear Florene:

Enclosed are an original and two copies of a compulsory pooling application, together with a proposed advertisement, filed on behalf of Nadel and Gussman Permian, L.L.C. Please set this matter for the April 20, 2000 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12380

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 N $\frac{1}{2}$ of Section 34, Township 24 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 N $\frac{1}{2}$ of Section 34, and has the right to drill a well thereon.

2. Applicant proposes to drill its Kyle 34 Fed. Well No. 1, at an orthodox well location in the NE $\frac{1}{4}$ of Section 34, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 34 for all pools or formations developed on 40-acre spacing, including the Willow Lake-Bone Spring Pool.

(b) The NE $\frac{1}{4}$ of Section 34 for all pools or formations developed on 160-acre spacing; and

(c) The N $\frac{1}{2}$ of Section 34 for all pools or formations developed on 320-acre spacing.

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 34 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the

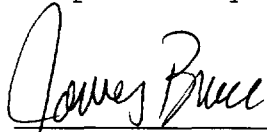
drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 34, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 34, 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 N½ of Section 34, from the surface to the base of the Morrow formation, for the well units described above;
- B. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- C. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure; and
- D. Setting a penalty 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 cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above 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 2380:

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicants seek an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 34, Township 24 South, Range 28 East, NMPM, and in the following manner: The N½ 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; the NE¼ 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; and the NE¼NE¼ to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including the Willow Lake-Bone Spring Pool. The units are to be dedicated to the Kyle 34 Fed. Well No. 1, to be drilled at an orthodox well location in the NE¼ of Section 34. 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 charge for the risk involved in drilling the well. The units are located approximately 3 miles south of Malaga, New Mexico.

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PROPOSED ADVERTISEMENT

Case 12380:

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicants seek an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 34, Township 24 South, Range 28 East, NMPM, and in the following manner: The N $\frac{1}{2}$ 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; the NE $\frac{1}{4}$ 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; and the NE $\frac{1}{4}$ NE $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including the Willow Lake-Bone Spring Pool. The units are to be dedicated to the Kyle 34 Fed. Well No. 1, to be drilled at an orthodox well location in the NE $\frac{1}{4}$ of Section 34. 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 charge for the risk involved in drilling the well. The units are located approximately 3 miles south of Malaga, New Mexico.

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APPLICATION OF NADEL AND GUSSMAN
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POOLING, EDDY COUNTY, NEW MEXICO.

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1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 34, and has the right to drill a well thereon.

2. Applicant proposes to drill its Kyle 34 Fed. Well No. 1, at an orthodox well location in the NE $\frac{1}{4}$ of Section 34, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 34 for all pools or formations developed on 40-acre spacing, including the Willow Lake-Bone Spring Pool.

(b) The NE $\frac{1}{4}$ of Section 34 for all pools or formations developed on 160-acre spacing; and

(c) The N $\frac{1}{2}$ of Section 34 for all pools or formations developed on 320-acre spacing.

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 34 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 34, pursuant to NMSA 1978 §70-2-17.

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- C. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure; and
- D. Setting a penalty 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,

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James Bruce
Post Office Box 1056
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Attorney for Nadel and Gussman
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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12386

OIL CONSERVATION DIV.
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APPLICATION

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