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2004 OCT 12 PM 4 39

October 12, 2004

Case 13365

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 November 4, 2004 Examiner hearing. Thank you.

The advertisement has also been e-mailed to the Division.

Very truly yours,


James Bruce

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

Parties Being Pooled

Garland H. Lang III
Unit Petroleum Company
Suite 101
407 North Big Spring
Midland, Texas 79701

Martha Rouse Schalk, Trustee
of the Schalk Family Trust
P.O. Box 25825
Albuquerque, New Mexico 87125

Eastland Exploration, Inc.
P.O. Box 5279
Austin, Texas 78763

Eastland Resources, Inc.
Spinnaker Oil & Gas, L.P.
Robert R. Donnelly Children's Trust
G. Arthur Donnelly III Children's Trust
Jan Donnelly O'Neill Children's Trust
c/o Robert R. Donnelly
P.O. Box 3488
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2004 OCT 12 PM 4 39

No. 13365

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 33, Township 22 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 33, and has the right to drill a well thereon.

2. Applicant proposes to drill its Artemis Fed. Com. Well No. 1, at an orthodox location in the SW¼ of the section, to a depth sufficient to test the Morrow formation (approximately 12,850 feet), and seeks to dedicate the following acreage to the well:

(a) The SW¼ of Section 33 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

(b) The S½ of Section 33 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 Dublin Ranch-Atoka Gas Pool and 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 S½ of Section 33 for the purposes set forth herein.

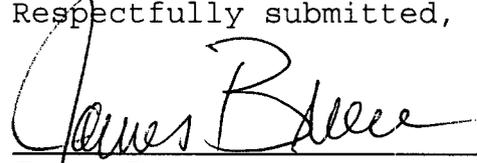
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 33, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 33, 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 33, 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 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 cursive script that reads "James Bruce". The signature is written in black 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 13365: 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 33, Township 22 South, Range 28 East, N.M.P.M., and in the following manner: The S½ 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 Dublin Ranch-Atoka-Gas Pool and Dublin Ranch-Morrow Gas Pool; and the SW¼ 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 unit is to be dedicated to the Artemis Fed. Com. Well No. 1, to be located at an orthodox location in the SW¼ of the section. 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 north of Loving, New Mexico.

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