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May 23, 2014

VIA FACSIMILE & REGULAR MAIL
(505) 476-3462

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

Case 15157

RE: Application for Compulsory Pooling and Designation as Operator

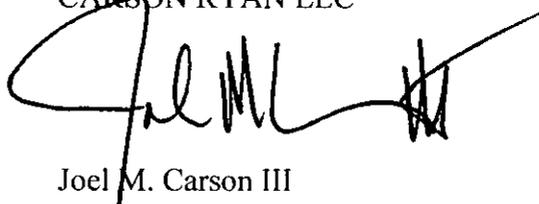
Dear Ms. Davidson:

On behalf of Read Operating Company, LLC, enclosed please find an Application for Compulsory Pooling and Designation as Operator, together with a proposed Advertisement. Please set this matter for the June 26, 2014 Examiner hearing. Thank you.

Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

CARSON RYAN LLC



Joel M. Carson III

JMC/rmt
Enclosures

RECEIVED OGD
2014 MAY 20 P 2:00

STATE OF NEW MEXICO RECEIVED OGD
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
2014 JUN 30 P 2:05

**APPLICATION OF READ OPERATING COMPANY, LLC
FOR COMPULSORY POOLING AND DESIGNATION AS OPERATOR,
LEA COUNTY, NEW MEXICO.**

Case No. 15157

**APPLICATION FOR COMPULSORY POOLING AND DESIGNATION AS
OPERATOR**

Read Operating Company, LLC ("ROC") applies for an order pooling certain contractual working interests in the Bone Spring Formation underlying the W/2E/2 of Section 9, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support therefore, states:

1. ROC and/or its affiliates are working interest owners in the W/2E/2 of Section 9 and have the right to drill a well thereon.
2. ROC and/or its affiliates propose to dedicate the W/2E/2 of Section 9 to its proposed North Lea 9 Fed #2H Well to be horizontally drilled from the surface location of 200' FSL and 1670' FEL of Section 4, Township 20 South, Range 34 East and a bottom hole location of 330' FSL and 1670' FEL of Section 9, Township 20 South, Range 34 East.
3. ROC and/or its affiliate Read & Stevens, Inc., currently operates numerous wells upon lands covered by the same federal oil and gas lease upon which the current well is proposed.

4. ROC and/or its affiliates have in good faith sought to obtain the voluntary joinder of all contractual working interest owners in the W/2E/2 of Section 9 for the purposes set forth herein.
5. Although, ROC and/or its affiliates attempted to obtain voluntary agreements from all working interest owners to participate in the drilling of the well or to otherwise commit their interest to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, ROC seeks an order pooling the following working interest owners in the W/2E/2 of Section 9, pursuant to NMSA 1978, §§ 70-2-17 and 18: Apache Corporation; Snow Oil & Gas, Inc.; Crump Energy Partners, LLC; Crown Oil Partners IV, LP; Magnum Hunter Production, Inc. (a wholly owned subsidiary of Cimarex Energy, Co.); Union Hill Oil & Gas Co.; HOG Partnership, LP; Francis H. Hudson, Trustee of Lindy's Living Trust; Diane L. Hanley, Successor Trustee of the Delmar Hudson Lewis Living Trust u/t/a dated September 9, 2002; Moore & Shelton Company, Ltd.; Edward R. Hudson, Jr. and William A. Hudson, II, as Executors of the Estate of Josephine T. Hudson, deceased; Edward R. Hudson, Jr., and his wife, Ann F. Hudson; Ard Oil, Ltd.; and Zorro Partners, Ltd. ("Subject Working Interests").
6. Approval of the pooling of the Subject Working Interests underlying the W/2E/2 of Section 9 will prevent the drilling of an unnecessary well, prevent waste, and protect correlative rights.

WHEREFORE, ROC requests that, after notice and hearing, the Division enter its order:

- A. Pooling the Subject Working Interests in the Bone Spring formation underlying the project area/spacing and proration unit;
- B. Designating ROC as the operator of such well;
- C. Considering the cost of drilling and completing the well, and allocating its costs among the well's 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,

CARSON RYAN LLC



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Attorneys for Read Operating Company, LLC

PROPOSED ADVERTISEMENT

RECEIVED OCD

CASE NO. 15157

2014 MAY 30 P 2: 02

Application of Read Operating Company, LLC. for Compulsory Pooling and Designation as Operator, Lea County, New Mexico. Read Operating Company, LLC seeks an order pooling certain contractual working interest owners in the Bone Spring Formation underlying the W/2E/2 of Section 9, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The unit is to be dedicated to applicant's North Lea 9 Fed #2H Well to be horizontally drilled from the surface location of 200' FSL and 1670' FEL of Section 4, T-20-S, R-34-E and a bottom hole location of 330' FSL and 1670' FEL of Section 9, T-20-S, R-34-E. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in the drilling the well. The proposed well location is approximately 10.5 miles Northeast of Halfway, New Mexico.