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February 19, 2008

Hand-Delivered

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

Re: *NMOCD Case No. 14097: Application of Encore Operating, LP for
Compulsory Pooling, Lea County, New Mexico*

Dear Ms. Davidson:

Enclosed for filing are the original and two copies of the Application in the above-referenced matter. On behalf of Encore Operating, LP, we request that this Application be set for hearing on the March 20, 2008 examiner hearing docket.

Enclosed in hard-copy and on disk is a proposed advertisement for the case.

Thank you.

Very truly yours,

MILLER STRATVERT, PA


J. Scott Hall

JSH/kfh

Enclosures: As stated

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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

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IN THE MATTER OF THE
APPLICATION OF ENCORE OPERATING, LP
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO

CASE NO. 14097

APPLICATION

ENCORE OPERATING, L.P. by its undersigned attorneys, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 § 70-2-17(c) (1995) for an order pooling all interests in all formations developed on a 320-acre basis, including the Atoka and Morrow formations, underlying the E/2 of Section 28, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico, to form a standard 320-acre spacing and proration unit. Applicant would show the Division:

1. Applicant owns certain working interests in and under the E/2 of Section 28, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Encore 28 State Com No. 1 Well to be drilled from a location 860' from the North line and 660' from the East line to a depth sufficient to test the Atoka and Morrow formations underlying the E/2 of Section 28, Township 16 South, Range 34 East, NMPM, Eddy County, New Mexico.

3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the E/2 of said Section 28.

S. Kennedy Atoka - Morrow

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE, Encore Operating L. P. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 20, 2008 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing units;
- B. designating Encore Operating L. P. operator of this spacing unit and the well thereon;
- C. authorizing Encore Operating L. P. to recover its costs of drilling, equipping and completing the well;
- D. approving the operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures;
- E. imposing a 200% penalty, plus costs of drilling, completing and equipping the well incurred by Encore Operating L. P., against the share of any such owner that does not voluntarily participate in the well, and

F. making such other provisions the Division deems appropriate

MILLER STRATVERT P.A.

By:



J. Scott Hall
Attorneys for Encore Operating, LP
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

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Proposed Advertisement

Case No. 14097; **Application of Encore Operating, LP for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Atoka and Morrow formations underlying the E/2 of Section 28, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acres, including but not necessarily limited to the Atoka and Morrow formations. Said units are to be dedicated to Applicant's proposed Encore 28 State Com No. 1 Well to be drilled from a surface location 860' from the North line and 660' from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Encore Operating, LP or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 12 miles southwest of Lovington, New Mexico.