



March 31, 2009

**HAND-DELIVERED**

Mr. Mark Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Energy, Minerals &  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14311*

2009 MAR 31 PM 4 58  
RECEIVED

Re: Application of Nadel and Gussman Heyco L.L.C. for compulsory pooling,  
Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Nadel and Gussman Heyco L.L.C. in the above-referenced case as well as a copy of a legal advertisement. Nadel and Gussman Heyco requests that this matter be placed on the docket for the April 30, 2009 Examiner hearings.

Very truly yours,

William F. Carr  
Attorney for Nadel and Gussman  
Heyco, L.L.C.

Enclosures

cc: Colby Booth  
Landman  
Nadel and Gussman Heyco L.L.C.  
Post Office Box 1936  
Roswell, New Mexico 88202-1936

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

**IN THE MATTER OF THE APPLICATION  
OF NADEL AND GUSSMAN HEYCO, L.L.C.  
FOR COMPULSORY POOLING OF FOUR  
SPACING UNITS , LEA COUNTY, NEW MEXICO.**

CASE NO. 14311

**APPLICATION**

NADEL AND GUSSMAN HEYCO, L.L.C. ("NGH"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the base of the Yates formation to the base of the Queen formation in four spacing and proration units located in the NW/4 of Section 28, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico to test any and all pools in these formations, which includes the Pearl-Queen Pool, as follows:

- A. NW/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 1 to be drilled at a standard location 330 feet from the North line and 660 feet from the West line of said Section to an approximate depth of 5050;
- B. SW/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 2 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;
- C. SE/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 3 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;
- D. NE/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 4 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;

In support of its application, NGH states:

- 1. NGH is a working interest owner in the NW/4 of said Section 28.

2. NGH has sought and been unable to obtain voluntary agreement for the development of this acreage from the owners of interest therein identified on Exhibit A to this application to whom notice of this application will be provided in accordance with the rules of the Division.

3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

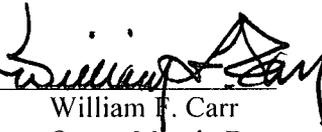
4. In order to permit NGH to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and NGH should be designated the operator of the wells.

WHEREFORE, Nadel and Gussman Heyco L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 30, 2009, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Nadel and Gussman Heyco L.L.C. operator of the units and the wells to be drilled thereon,
- C. authorizing NGH to recover its costs of drilling, equipping and completing the wells,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by the NGH in drilling and completing the wells against any working interest owner who does not voluntarily participate in the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr  
Ocean Munds-Dry  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR NADEL AND GUSSMAN  
HEYCO L.L.C.

**EXHIBIT A**  
**NADEL AND GUSSMAN HEYCO L.L.C.**  
**FOR COMPULSORY POOLING**  
**LEA COUNTY, NEW MEXICO.**

**NOTICE LIST**

Cimarex Energy Co.  
15 East 5th Street, suite 1000  
Tulsa, Oklahoma 74103-4346

EOG Resources Inc.  
Post Office Box 2267  
Midland, Texas 79702

Merit Partners, L.P.  
13727 Noel Road, Suite 500  
Dallas, Texas 75240

Merit Energy Partners III, LP  
13727 Noel Road, Suite 500  
Dallas, Texas 75204

Merit Energy Partners D-III, LP  
13727 Noel Road, Suite 500  
Dallas, Texas 75204

CASE 14311: **Application of Nadel and Gussman Heyco L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an for an order pooling all mineral interests from the base of the Yates formation to the base of the Queen formation in four spacing and proration units located in the NW/4 of Section 28, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico to test any and all pools in these formations, which includes the Pearl-Queen Pool, as follows:

- A. NW/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 1 to be drilled at a standard location 330 feet from the North line and 660 feet from the West line of said Section to an approximate depth of 5050;
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- C. SE/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 3 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;
- D. NE/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 4 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;

Also to be considered will be the cost of drilling and completing these wells as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling these wells. Said area is located approximately 20 miles west of Hobbs, New Mexico.

Case # 14311

State of New Mexico

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

**OIL CONSERVATION DIVISION**

Revised October 12, 2005

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Submit to Appropriate District Office

State LEase - 4 Copies

Fee LEase - 3 Copies

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number <b>30-025-39310</b>	Pool Code <b>006311</b>	Pool Name <b>Lea Gray but Northeast PEARL</b>
Property Code <b>37541</b>	Property Name <b>PALOMA RIDGE</b>	Well Number <b>1</b>
OGRID No. <b>258462</b>	Operator Name <b>NADEL AND GUSSMAN HEYCO, LLC</b>	Elevation <b>3711'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	19-S	34-E		330	NORTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	19-S	34-E		330	NORTH	660	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>#4</p> <p>#2</p> <p>GEODETTIC COORDINATES NAD 27 NME.</p> <p>Y=596452.1 N X=734613.7 E</p> <p>LAT.=32.637436° N LONG.=103.571192° W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Keith Cannon</i> 10-9-08 Signature Date</p> <p>Keith Cannon Printed Name</p>
		<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 29, 2008 DATE SURVEYED IN NEW MEXICO DSS</p> <p>Signature &amp; Seal of Professional Surveyor <i>Gary G. Eidson</i></p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>
<p>DETAIL</p>		