

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12882

APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to 200 feet below the top of the Mississippian formation underlying the E½ of Section 26, Township 18 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 E½ of Section 26, and has the right to drill a well thereon.

2. Applicant proposes to drill its Mission State Com. Well No. 1, at an orthodox location in the NW¼NE¼ of the section, to a depth sufficient to test the top of the Mississippian formation, and seeks to dedicate the following acreage to the well:

(a) The NW¼NE¼ of Section 26 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated East Illinois Camp-Bone Spring Pool or the Undesignated Southwest Palmillo-Bone Spring Pool;

(b) The W½NE¼ of Section 26 to form a standard 80 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool;

(c) The NE¼ of Section 26 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

(d) The E½ of Section 26 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 Undesignated North Turkey Track-Cisco Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 26 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 E½ of Section 26, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 26, 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 E½ of Section 26, from the surface to 200 feet below the top of the Mississippian 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 said rates pursuant to the COPAS accounting procedure;
- E. 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; and
- F. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce", written over a horizontal line.

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Permian, L.L.C.