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

IN THE MATTER OF THE APPLICATION OF PRESTON EXPLORATION, L.L.C. FOR COMPULSORY POOLING EDDY COUNTY, NEW MEXICO

CASE NO. 13236

AFFIDAVIT

STATE OF NEW MEXICO)

COUNTY OF SANTA FE

J. SCOTT HALL, attorney for and authorized representative of Preston Exploration, L.L.C., the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

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J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this Laday of May, 2004.

Virginia L. Bell Notary Public

OFFICIAL SEAL

Virginia L. Bell

My Commission Expires:

STATE OF NEW MEXICO

My Commission Expires: 02-28-05

NMOCD CASE NO. 13236 MAY 27, 2004 PRESTON EXPLORATION, L.L.C. EXHIBIT NO. 17

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

IN THE MATTER OF THE APPLICATION OF PRESTON EXPLORATION, L.L.C. FOR COMPULSORY POOLING EDDY COUNTY, NEW MEXICO

APPLICATION

PASE NO. __ PRESTON EXPLORATION, L.L.C., by its under Stratvert P.A., (J. Scott Hall) hereby makes application pursuant to 70-2-17 (1995) for an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico, to form standard 320-acre spacing and proration units for each of the referenced formations and pools. Applicant would show the Division:

- 1. Applicant owns certain working interests in and under the N/2 of Section 29, and has the right to drill thereon.
- 2. Applicant proposes to dedicate the above-referenced pooled units to its Roughneck Red 29 Com No. 1 Well to be drilled at a standard gas well location 1480' from the North line and 1980' from the West line of said Section 29 to a depth sufficient to test the Atoka Morrow, Strawn and Pennsylvanian formations underlying the N/2 of Section 29.
- 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 N/2 of said Section 29.

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 units, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on March 18, 2004 and that after notice and hearing as required by law, the Division enter its Order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, and the allocation of the cost thereof, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper.

MILLER STRATVERT P.A.

By:

J. Scott Hall

Attorneys for Preston Exploration, L.L.C.

1 our-dae

Post Office Box 1986

Santa Fe, New Mexico 87504-1986

(505) 989-9614



Ranne B. Miller
Alice T. Lorenz
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Karen E. Wootton
Somer K. Chyz

Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Robert C. Chase
Post Office Box 1767
Artesia, New Mexico 88211

Re:

New Mexico Oil Conservation Division Case No. _____; Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Chase:

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Very truly yours,

MILLER STRATVERT P.A.

J. Scott Hall

JSH/glb Enclosure

cc:

Mark Wheeler

Jesse Blue

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New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
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Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

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February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Richard L. Chase Post Office Box 1767 Artesia, New Mexico 88211

Re: New Mexico Oil Conservation Division Case No. _____; Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

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Very truly yours,

MILLER STRATVERT P.A.

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JSH/glb Enclosure

cc:

Mark Wheeler Jesse Blue

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^{*} New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law

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Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Chase Oil Corporation
Post Office Box 1767
Artesia, New Mexico 88211

Re:

New Mexico Oil Conservation Division Case No. _____; Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Sir or Madam:

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Very truly yours,

MILLER STRATVERT P.A.

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J. Scott Hall

JSH/glb Enclosure

cc:

Mark Wheeler

N RUMBYOT DAT

Jesse Blue

New Mercico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
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Chase Oil Corporation Post Office Box 1767 Artesia, New Mexico 88211

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Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert

Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Gerene Diane Chase Crouch Post Office Box 1767 Artesia, New Mexico 88211

> New Mexico Oil Conservation Division Case No. : Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Crouch:

This will advise that Preston Exploration, L.L.C. has filed an application with the New Mexico Oil Conservation Division seeking the issuance of an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico, to form standard 320-acre spacing and proration units for each of the referenced formations and pools. A copy of the application is enclosed.

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Very truly yours,

MILLER STRATVERT P.A.

1. I wurdall J. Scott Hall

JSH/glb Enclosure

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cc:

Mark Wheeler

Jesse Blue

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Gerene Diane Chase Crouch Post Office Box 1767 Artesia, New Mexico 88211

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Marcy Baysinger David J. Martin Caroline Blankenship Matthew S. Rappaport Karen E. Wootton Somer K. Chvz Counsel

William K Stratvert James B. Collins Sharon P. Gross Robert D. Taichert

Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe. NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Caza Energy L.L.C. Post Office Box 1767 Artesia, New Mexico 88211 Attn: Mr. Ron Lanning

> Re: New Mexico Oil Conservation Division Case No. : Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Lanning:

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Very truly yours,

MILLER STRATVERT P.A.

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J. Scott Hall

JSH/glb Enclosure

Mark Wheeler

Jesse Blue

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Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

MEC Petroleum Corporation 414 West Texas, Suite 410 Midland, Texas 79701

Re:

New Mexico Oil Conservation Division Case No. _____; Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Sir or Madam:

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Very truly yours,

MILLER STRATVERT P.A.

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J. Scott Hall

JSH/glb Enclosure

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cc:

Mark Wheeler

Jesse Blue

^{*} New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
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	3. Service Type X CERTIFIED	
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** New Mexico Board of Specialization Recognized Specialist in Real Estate Law

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Mr. Thomas R. Smith 1409 S. CR 1130 Midland, Texas 79706

Re: New Mexico Oil Conservation Division Case No. ______; Application of Preston Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Smith:

This will advise that Preston Exploration, L.L.C. has filed an application with the New Mexico Oil Conservation Division seeking the issuance of an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East, NMPM, Eddy County. New Mexico, to form standard 320-acre spacing and proration units for each of the referenced formations and pools. A copy of the application is enclosed.

This application will be set for hearing before a Division Examiner on March 18, 2004, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time.

Very truly yours,

MILLER STRATVERT P.A.

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J. Scott Hall

JSH/glb Enclosure

cc:

Mark Wheeler

Jesse Blue

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^{*} New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law

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Marcy Baysinger David J. Martin Caroline Blankenship Matthew-S. Rappaport Karen E. Wootton Somer K. Chyz

Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert

Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Murchison Oil & Gas. Inc. 1100 Mira Vista Blvd. Plano, Texas 75093

Attn: Mr. Mike Daugherty, CPL

New Mexico Oil Conservation Division Case No. ; Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Daugherty:

Re:

This will advise that Preston Exploration, L.L.C. has filed an application with the New Mexico Oil Conservation Division seeking the issuance of an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico, to form standard 320-acre spacing and proration units for each of the referenced formations and pools. A copy of the application is enclosed.

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Very truly yours,

MILLER STRATVERT P.A.

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J. Scott Hall

JSH/glb Enclosure

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Mark Wheeler

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New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law ** New Mexico Board of Specialization Recognized Specialist in Real Estate Law

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Plano, Texas 75093 2/25/2004 10:23 AM	3. Service Type			
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Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe. NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Mr. Richard Coats Cactus Energy, Inc. Post Office Box 2412 Midland, Texas 79702

Re:

New Mexico Oil Conservation Division Case No. _____; Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Coats:

This will advise that Preston Exploration, L.L.C. has filed an application with the New Mexico Oil Conservation Division seeking the issuance of an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico, to form standard 320-acre spacing and proration units for each of the referenced formations and pools. A copy of the application is enclosed.

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Very truly yours,

MILLER STRATVERT P.A.

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JSH/glb Enclosure

cc:

Mark Wheeler

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Jesse Blue

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POSTMARK OF DATE POSTAGE \$0.60 RETURN RESTRICTED DELIVERY FEE \$0.00 RECEIPT CERTIFIED FEE \$2.30 SERVICE RETURN RECEIPT FEE \$1.75 TOTAL POSTAGE AND FEE SENT TO: \$4.65 2/25/2004 10:12 AM Code: File:

Mr. Richard Coats Cactus Energy, Inc. Post Office Box 2412 Midland, Texas 79702



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Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

February 25, 2004

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

E3 Energy, Ltd. Post Office Box 205 Midland, Texas 79702

Attn: Wendell W. Iverson, Jr., General Partner

New Mexico Oil Conservation Division Case No. Re: ; Application of Preston

Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Iverson:

This will advise that Preston Exploration, L.L.C. has filed an application with the New Mexico Oil Conservation Division seeking the issuance of an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East, NMPM. Eddy County, New Mexico. to form standard 320-acre spacing and proration units for each of the referenced formations and pools. A copy of the application is enclosed.

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MILLER STRATVERT P.A.

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J. Scott Hall

JSH/glb Enclosure

Mark Wheeler cc:

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