

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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MAR 18 2003

No. 13043

Oil Conservation Division

APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$  of Section 28, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E $\frac{1}{2}$  of Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Domino Fed. Well No. 1, at an orthodox location in the NE $\frac{1}{4}$  of the section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the E $\frac{1}{2}$  of Section 28 to the well 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 La Huerta-Strawn Gas Pool and the Burton Flat-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$  of Section 28 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

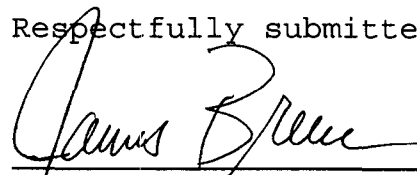
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 28 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 28, from the surface to the base of the Morrow 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 those rates pursuant to the COPAS accounting procedure; and
- 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.

Respectfully submitted,



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Attorney for Nadel and Gussman  
Permian, L.L.C.

PROPOSED ADVERTISEMENT

Case 13043:

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order to pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 28, Township 21 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated La Huerta-Strawn Gas Pool and the Burton Flat-Morrow Gas Pool. The unit is to be dedicated to applicant's Domino Fed. Well No. 1, to be drilled at an orthodox gas well location in the NE¼ of Section 28. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 3 miles northeast of Carlsbad, New Mexico.

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