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Case 14797

January 17, 2012

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

Dear Florene:

Enclosed for filing, on behalf of Nadel and Gussman Heyco, L.L.C., are an original and one copy of an application for pool creation, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the February 16, 2011 Examiner hearing. Thank you.

Very truly yours,



James Bruce

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

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF NADEL AND GUSSMAN HEYCO,
LLC FOR POOL CREATION, A DISCOVERY
ALLOWABLE, AND SPECIAL POOL RULES, EDDY
AND LEA COUNTIES, NEW MEXICO.**

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Case No. 14797

APPLICATION

Nadel and Gussman Heyco, LLC applies for an order creating a new pool for production of oil from the Delaware formation, granting a discovery allowable, and establishing special rules and regulations for the pool, and in support thereof, states:

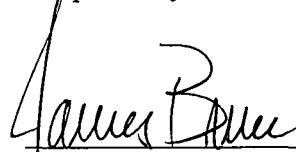
1. Applicant is the operator of the Bola 7 Fed. Well No. 5 (API No. 30-025-39841), which was drilled at a surface location 360 feet from the north line and 330 feet from the west line of Section 7, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico. The NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 7 is dedicated to the well.
2. The Bola 7 Fed. Well No. 5 was completed in the Delaware formation, with a total depth of 5465 feet subsurface and the top perforation at 4992 feet subsurface. Under the Division's statewide rules, spacing in the Delaware formation is 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line. The well has a depth bracket allowable of 80 barrels of oil per day for a standard 40 acre oil spacing unit, with a producing gas:oil ratio of 2000:1.
3. Applicant believes it has discovered a new common source of supply, and requests that a new pool be created.
4. Applicant requests that:

- (a) The Northwest Young-Delaware Pool be created, originally encompassing the NW¼ of Section 7 and the adjoining NE¼ of Section 12, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico;
- (b) Special rules and regulations for the pool be enacted, providing for a depth bracket allowable of 300 barrels of oil per day;
- (c) A discovery allowable be granted for the pool;
- (d) All other rules to be in conformance with statewide rules; and
- (e) The pool rules be made effective retroactive to the date of first production from the Bola 7 Fed. Well No. 5.

5. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Nadel and Gussman Heyco,
LLC

PROPOSED ADVERTISEMENT

Case No. 14797:

Application of Nadel and Gussman Heyco, LLC for pool creation, a discovery allowable, and special pool rules, Lea and Eddy Counties, New Mexico. Applicant seeks an order (a) creating a new pool for production of oil from the Delaware formation, to be named the Northwest Young-Delaware Pool, comprising the NW/4 of Section 7, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico and the NE/4 of Section 12, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, (b) granting applicant a discovery allowable, and (c) establishing special rules and regulations providing for a depth bracket allowable of 300 barrels of oil per day. The discovery well for the pool is the Bola 7 Fed. Well No. 5 (API No. 30-025-39841), which was drilled at a surface location 360 feet from the north line and 330 feet from the west line of said Section 7. Applicant further requests that the pool rules be made effective retroactive to the date of first Delaware production from the discovery well. The proposed pool is located approximately 10-1/2 miles east-southeast of Loco Hills, New Mexico.

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