

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

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October 11, 2011

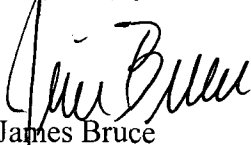
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14755*

Dear Florene:

Enclosed for filing, on behalf of Principal Properties, are an original and one copy of an application for a non-standard unit, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. The parties being notified are set forth on Exhibit A. Please set this matter for the November 10, 2011 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Principal Properties

**HILLTOP FEDERAL #1 & NASSER FED. #1  
SEC. 1-T21S-R21E  
EDDY CO., NEW MEXICO**

**OWNER NAME AND ADDRESS**

NADEL AND GUSSMAN PERMIAN, L.L.C.  
610 N. MARIENFELD, SUITE 508  
MIDLAND, TEXAS 79701

RIO PECOS CORPORATION  
4501 GREEN TREE BLVD.  
MIDLAND, TEXAS 79707-1607

HOLLYHOCK CORPORATION  
4105 BAYBROOK DRIVE  
MIDLAND, TEXAS 79707-1433

TARA-JON CORPORATION  
6003 MEADOWVIEW LANE  
MIDLAND, TEXAS 79707-1661

MARK D. WILSON  
4501 GREENTREE BLVD.  
MIDLAND, TEXAS 79701

OXY Y-1  
OXY Y-1 -JIB'S  
P.O. BOX 27570  
HOUSTON, TEXAS 77227

D & D PARTNERSHIP  
830 EAST BIG BRIAR WAY  
LACANADA, CALIFORNIA 91011-1819

ABO PETROLEUM CORPORATION  
P.O. BOX 900  
ARTESIA, NEW MEXICO 88211-0900

MYCO INDUSTRIES, INC.  
P.O. BOX 840  
ARTESIA, NEW MEXICO 88211

PRESIDIO RESOURCES, INC.  
3918 FAIRWOOD COURT  
MIDLAND, TEXAS 79707

APACHE CORP.  
303 VETERIANS AIR PARK LANE  
MIDLAND, TEXAS 79705

JOEL MARTIN OIL & GAS, INC  
6301 HAYWOOD DRIVE  
MIDLAND, TEXAS 79707

DORALEX ENERGY, INC.  
3619 SOUTH JACKSON  
SAN ANGELO, TEXAS 76904-5598

**OWNER NAME AND ADDRESS**

SCOTT E. MUEHLBRAD  
2511 TERRACE  
MIDLAND, TEXAS 79705

CAL-MON OIL COMPANY  
500 WEST TEXAS AVENUE, SUITE 1200  
MIDLAND, TEXAS 79701

ANDREWS OIL L.P.  
1015 BEE CAVE WOODS DRIVE, SUITE 300 A  
AUSTIN, TEXAS 78746

ESTATE OF SIDNEY W. COWAN,  
DAVID CLAY COWAN, EXECUTOR  
1010 SOUTH MAIN  
DEL RIO, TEXAS 78840

MARY BETH BARTON  
5506 NORTH COUNTY ROAD 1260  
MIDLAND, TEXAS 79707

JAMES A MCCLATCHY  
3411 MEADOWRIDGE LANE  
MIDLAND, TEXAS 79707

KEN MACHO AND KLM PETRO CORP.  
1720 CROSS POINT ROAD  
MCKINNEY, TEXAS 75070

DON MCCLUNG  
4110 EAST 37TH STREET  
ODESSA, TEXAS 79762

PARTNERSHIP MANAGEMENT, INC.  
6003 MEADOWVIEW LANE  
MIDLAND, TEXAS 79707

KLM PETROLEUM CORPORATION  
1305 TERRA COURT  
MIDLAND, TEXAS 79705

JAMES B WOODARD  
3405 FELDSPAR LANE  
MIDLAND, TEXAS 79707-2404

DILLARD FISHER DILLARD PRTN  
415 WEST WALL, SUITE 1510  
MIDLAND, TEXAS 79701

YATES PETROLEUM CORPORATION  
105 SOUTH FORTH STREET  
ARTESIA, NEW MEXICO 88210

EXHIBIT

**A**

**MULE DEER ATU FEDERAL COM**  
**SEC. 11-T21S-R21E**  
**EDDY CO., NEW MEXICO**

**OWNER NAME AND ADDRESS**

YATES PETROLEUM CORPORATION (Operator) (W/2 and SE/4)  
105 SOUTH FORTH STREET  
ARTESIA, NEW MEXICO 88210

EXXON MOBIL CORPORATION (NE/4)  
P.O. BOX 4610  
CORP. - WGR-706  
HOUSTON, TEXAS 77210-4610  
ATTN: DYLAN BOYER

**SEC. 12, N/2 - T21S-R21E**  
**EDDY CO., NEW MEXICO**

ORR EXPLORATION LTD.  
3600 STENERIDGE ROAD, # A-101  
AUSTIN, TEXAS 78746-7720

**Section 2 N/2 - T21S - R21E**  
**EDDY CO., NEW MEXICO**

STATE OF NEW MEXICO - OPEN

**SEC. 2, S/2 - T21S-R21E**  
**EDDY CO., NEW MEXICO**

ORR EXPLORATION LTD.  
3600 STENERIDGE ROAD, # A-101  
AUSTIN, TEXAS 78746-7720

**Section 12 S/2 - T21S - R21E**  
**EDDY CO., NEW MEXICO**

**OWNER NAME AND ADDRESS**

NADEL AND GUSSMAN PERMIAN, L.L.C.  
601 N. MARIENFELD, SUITE 508  
MIDLAND, TX 79701

HEATHER WILSON ECHOLS  
6003 MEADOWVIEW LANE  
MIDLAND, TX 79707-1661

TARA-JON CORPORATION  
6003 MEADOWVIEW LANE  
MIDLAND, TX 79707-1661

J. CLEO THOMPSON AND JAMES  
CLEO THOMPSON JR., L.P.  
325 NORTH ST. PAUL, SUITE 4300  
DALLAS, TX 75201

MCCOMBS ENERGY, LTD  
5599 SAN FELIPE, SUITE 1200  
HOUSTON, TX 77056-2794

GERONIMO HOLDING CORPORATION  
P.O. BOX 804  
MIDLAND, TX 79702-0804

RIO PECOS CORPORATION  
4501 GREEN TREE BLVD.  
MIDLAND, TX 79701-1607

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF PRINCIPAL PROPERTIES  
FOR APPROVAL OF A NON-STANDARD GAS  
SPACING AND PRORATION UNIT, EDDY  
COUNTY, NEW MEXICO.

RECEIVED OGD  
2011 OCT 11/14755  
Case No. 1-09

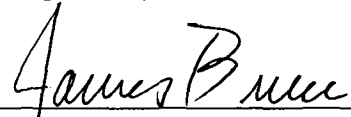
APPLICATION

Principal Properties applies for an order approving a non-standard 320 acre gas spacing and proration unit in the Morrow formation comprised of the SW $\frac{1}{4}$  of Section 1 and the NW $\frac{1}{4}$  of Section 12, Township 21 South, Range 21 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, applicant states:

1. Applicant is an interest owner in the SW $\frac{1}{4}$  of Section 1 and the NW $\frac{1}{4}$  of Section 12.
2. Applicant requests approval of a non-standard 320 acre gas spacing and proration unit in the Morrow formation (Little Box Canyon-Morrow Gas Pool) comprised of the SW $\frac{1}{4}$  of Section 1 and the NW $\frac{1}{4}$  of Section 12. The request is based on geological reasons. ? ✓
3. The non-standard unit will be dedicated to the Horseshoe Canyon Fed. Com. Well No. 1, to be located at an unorthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 1.
4. Approval of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests approval of the a non-standard 320 acre gas spacing and proration unit in the Morrow formation comprised of the SW $\frac{1}{4}$  of Section 1 and the NW $\frac{1}{4}$  of Section 12, Township 21 South, Range 21 East, N.M.P.M.

Respectfully submitted,

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

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

Attorney for Principal Properties

PROPOSED ADVERTISEMENT

Case 14755:

***Application of Principal Properties for a non-standard gas spacing and proration unit, Eddy County, New Mexico.*** Applicant seeks an order approving a non-standard 320 acre gas spacing and proration unit in the Morrow formation (Little Box Canyon-Morrow Gas Pool) comprised of the SW $\frac{1}{4}$  of Section 1 and the NW $\frac{1}{4}$  of Section 12, Township 21 South, Range 21 East, N.M.P.M. The unit is to be dedicated to the Horseshoe Canyon Fed. Com. Well No. 1, to be drilled at an unorthodox location in the SW/4SW/4 of Section. The unit is located approximately 1 miles west-southwest of Seven Rivers, New Mexico.

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