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March 16, 2005

Case 13466

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

Re: Case No. ~~13255// unorthodox well locations~~

Dear Florene:

Enclosed for filing, on behalf of JTD Resources, LLC, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the April 7th hearing. Thank you.

Very truly yours,



James Bruce

Attorney for JTD Resources, LLC

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF JTD RESOURCES,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Case No. 13466

APPLICATION

JTD Resources, LLC applies for an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 35, Township 19 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 35, and has the right to drill a well thereon.

2. Applicant proposes to drill its Round-Up Well No. 1, at an orthodox location, to a depth sufficient to test the Abo formation, and the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 35 will be dedicated to the well to form a standard 40 acre oil spacing and proration unit for any and all formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Nadine-San Andres Pool, Undesignated House-Blinebry Pool, Undesignated House-Tubb Pool, Undesignated House (Drinkard) Pool, and Undesignated House-Abo Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 35 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

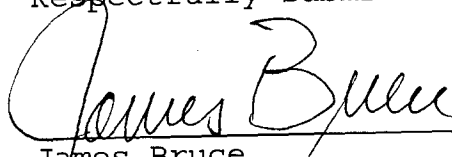
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SE~~1~~/~~4~~NE~~1~~/~~4~~ of Section 35, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SE~~1~~/~~4~~NE~~1~~/~~4~~ of Section 35, and approval of the unorthodox oil well locations, 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 SE~~1~~/~~4~~NE~~1~~/~~4~~ of Section 35, from the surface to the base of the Abo formation;
- B. Designating Capataz Operating, Inc. 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 the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge 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,

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

James Bruce
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Attorney for JTD Resources, LLC

PROPOSED ADVERTISEMENT

Case No. 13466: JTD Resources, LLC seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4NE/4 of Section 35, Township 19 South, Range 38 East, NMPM, Lea County, New Mexico, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Nadine-San Andres Pool, Undesignated House-Blinebry Pool, Undesignated North House-Tubb Pool, Undesignated House (Drinkard) Pool, and Undesignated House-Abo Pool. The unit is to be designated to the Round-Up Well No. 1, to be located at an orthodox oil well location. 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 Capataz Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile east-southeast of Nadine, New Mexico.

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