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February 5, 2013

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

Case 14962

Dear Florene:

Enclosed for filing, on behalf of Marshall & Winston, Inc., are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please advertise the application for the March 7, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Marshall & Winston, Inc.

Parties Being Pooled

Endurance Properties, Inc.
15455 Dallas Parkway, Suite 150
Addison, Texas 75001

S & C Construction, Inc.
P. O. Box 1509
Whitefish, Montana 59937

SherrFive, LP
812 Eagle Pointe
Montgomery, Texas 77316

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Kenneth L. Hewitt
50 Lamsden Lane SW
Atlanta, Georgia 30327

J. C. Johnson, Individually and as Personal
Representative of the Estate of Dorothy M.
Johnson, Deceased
1000 Huff Road
Pampa, Texas 79065

Jack G. Roberts
5300 Hill North Dale Drive 4 Road 1768
Farmington, New Mexico 87401

Larry M. Newell, Independent Executor of
the Clay Newell Estate
5016 Byers Avenue
Fort Worth, Texas 76107

Helen G. Newell
2002 Boyd Street
Midland, Texas 79701

Larry M. Newell
5016 Byers Avenue
Fort Worth, Texas 76107

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MARSHALL & WINSTON, INC.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT, AN UNORTHODOX OIL WELL
LOCATION, AND COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

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Case No. 14962

APPLICATION

Marshall & Winston, Inc. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the S½ of Section 3, Township 19, South, Range 32 East, N.M.P.M., Lea County, New Mexico, (ii) pooling all mineral interests from in the Bone Spring formation underlying the non-standard unit, and (iii) approving an unorthodox oil well location, and in support thereof, states:

1. Applicant is an interest owner in the S½ of Section 3, and has the right to drill a well thereon.
2. Applicant proposes drill its TJG Fed. Com. 3 Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the S½ of Section 3 to the well to form a non-standard 320 acre oil spacing and proration unit (project area) for all pools or formations developed on 160 acre spacing, including the East Lusk-Bone Spring Pool. The well is a horizontal well, with a surface location 400 feet from the south line and 330 feet from the east line, and a terminus 400 feet from the south line and 330 feet from the west line, of Section 3. The surface and bottom hole locations are unorthodox under the special pool rules for the East Lusk-Bone Spring Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 3 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 S½ of Section 3, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the S½ of Section 3, and the unorthodox well location, 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. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S½ of Section 3;
- B. Pooling all mineral interests in the Bone Spring formation underlying the S½ of Section 3;
- C. Approving the unorthodox oil well location in the Bone Spring formation;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for Marshall & Winston, Inc.

PROPOSED ADVERTISEMENT

Case No. 14962 :

Application of Marshall & Winston, Inc. for a non-standard oil spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 of Section 3, Township 19 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2 of Section 3 to form a non-standard 320-acre oil spacing and proration unit (project area) for all pools or formations developed on 160 acre spacing within that vertical extent, including the East Lusk-Bone Spring Pool. The unit is to be dedicated to the TJG Fed. Com. 3 Well No. 1H, a horizontal well with a surface location 400 feet from the south line and 330 feet from the east line, and a terminus 400 feet from the south line and 330 feet from the west line, of Section 3. The surface and bottom hole locations are unorthodox under the special pool rules for the East Lusk-Bone Spring Pool. 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 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12 miles south of Maljamar, New Mexico.

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