

HOLLAND & HART ^{LLP}



William F. Carr
wcarr@hollandhart.com

November 1, 2005

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13597

2005 NOV 1 PM 5 05

Re: Application of Roca Exploration, Ltd. for compulsory pooling, Lea
County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Roca Exploration, Ltd. in the above-referenced case as well as a copy of a legal advertisement. Roca Exploration, Ltd. requests that this matter be placed on the docket for the December 1, 2005 Examiner hearings.

Very truly yours,

William F. Carr
Attorney for Roca Exploration, Ltd.

Enclosures

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF ROCA EXPLORATION, LTD. FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

2005 NOV 1 1 PM 5
CASE NO. 13547

APPLICATION

ROCA EXPLORATION, LTD. ("Roca"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the SE/4 SE/4 of Section 36, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the EK-Bone Spring Pool; and; and in support of its application states:

1. Roca Exploration, Ltd. is a working interest owner in the SE/4 SE/4 of Section 36 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing and proration unit to its New Mexico State "36" Well No. 3 which it proposes to drill at a standard location 660 feet from the South and East lines of said Section 36, to an approximate depth of 10,000 feet to test any and all formations from the surface to the base of the Bone Spring formation. This well is at a standard location for all formations and pools.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from those interest owners identified on Exhibit A to this Application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit Roca to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Nearburg Producing Company should be designated the operator of the well to be drilled.

WHEREFORE, Roca Exploration, Ltd. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 1, 2005, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating Nearburg Producing Company operator of these units and the well to be re-completed thereon,
- C. authorizing the operator to recover its costs of drilling, equipping and completing the well,
- D. approving the operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ROCA EXPLORATION, LTD.

Exhibit A

**Application of Roca Exploration, Ltd
for compulsory pooling, Lea County, New Mexico
New Mexico "36" State No. 3**

Bovina Limited Liability Company
P.O. Box 1772
Hobbs, New Mexico 88241-1772

Rex Energy II Ltd Partnership
500 West Texas Avenue, Suite 940
Midland, Texas 79701

Douglas Oil & Gas Ltd Partnership
500 West Texas Avenue, Suite 940
Midland, Texas 79701

Brian K. Luginbill
2000 Wydewood
Midland, Texas 79707

C.W. Trainer
P.O. Box 754
Midland, Texas 79702

CASE 13597:

Application of Roca Exploration, Ltd. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the SE/4 SE/4 of Section 36, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the EK-Bone Spring Pool. Said unit is to be dedicated to its New Mexico "36" State Well No. 3 to be drilled at a standard location 660 feet from the South and East lines of said Section 36 a to a depth sufficient to test all formations from the surface to the base of the Bone Spring formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles Northeast of Halfway, New Mexico.



November 3, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS:

Re: Application of Roca Exploration Ltd. for compulsory pooling, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Roca Exploration Ltd. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the SE/4 SE/4 of Section 36, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico. Said units will be dedicated to its proposed New Mexico "36" State Well No. 3 which it proposes to re-enter at a standard location 660 feet from the South and East Lines of said Section 36 to test all formations from the surface to the base of the Bone Spring formation. This well will be operated by Nearburg Production Company.

This application has been set for hearing before a Division Examiner on December 1, 2005. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, at least four days in advance of a scheduled hearing, but in no event later than the Thursday preceding the hearing date. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

cc: Roca Exploration, L.L.C.