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January 17, 2006

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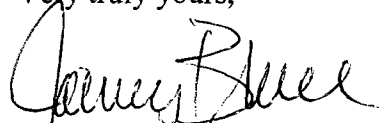
Case 13647.

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

Dear Florene:

Enclosed for filing, on behalf of Charles D. Ray, 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 February 16, 2006 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Charles D. Ray

PERSONS BEING POOLED

Abo Petroleum Corporation
MYCO Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Murchison Oil & Gas, Inc.
1100 Mira Vista Boulevard
Plano, Texas 75093

MEC Petroleum Corp.
P.O. Box 11265
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2006 JAN 18 AM 10 49

**APPLICATION OF CHARLES D. RAY
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

Case No. 13647

APPLICATION

Charles D. Ray applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 5, Township 12 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

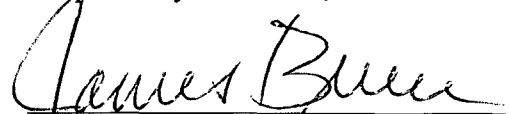
1. Applicant is an interest owner in the S½ of Section 5, and has the right to drill a well thereon.
2. Applicant proposes to drill the Randy State Well No. 1, at an orthodox location in the NW¼SW¼ of Section 5, to a depth sufficient to test the Morrow formation, and seeks to dedicate the S½ of Section 5 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 5 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 5, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 5, as set forth above, 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 S½ of Section 5, from the surface to the base of the Morrow formation;
- B. Designating BC Operating, Inc. as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost 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,



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

Attorney for Charles D. Ray

PROPOSED ADVERTISEMENT

Case No. 13647 : **Application of Charles D. Ray for compulsory pooling, Lea County, New Mexico:** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 5, Township 12 South, Range 34 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent. The unit is to be designated to the Randy State Well No. 1, to be drilled at an orthodox location in the NW/4SW/4 of Section 5. 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 BC 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 12 miles west-northwest of Tatum, New Mexico.

2006 JAN 18 AM 10 49