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Via fax and U.S. Mail

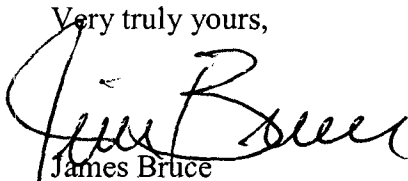
Case 13797

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

Dear Florene:

Enclosed for filing, on behalf of Read & Stevens, Inc., 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 October 26, 2006 Examiner hearing. Thanks.

Very truly yours,


James Bruce
Attorney for Read & Stevens, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF READ & STEVENS, INC.
FOR COMPULSORY POOLING, CHAVES
COUNTY, NEW MEXICO.**

SEP 27 PM 12 12

Case No. 13797

APPLICATION

Read & Stevens, Inc. applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E $\frac{1}{2}$ of Section 22, Township 11 South, Range 31 East, N.M.P.M., Chaves County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ of Section 22, and has the right to drill a well thereon.
2. Applicant proposes to drill its Manry-Elliot Well No. 2, at an orthodox location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the following acreage to the well:
 - (a) The SE $\frac{1}{4}$ NE $\frac{1}{4}$ to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent;
 - (b) The NE $\frac{1}{4}$ to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and
 - (c) The E $\frac{1}{2}$ 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 E $\frac{1}{2}$ of Section 22 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 E½ of Section 22, pursuant to NMSA 1978 §70-2-17.

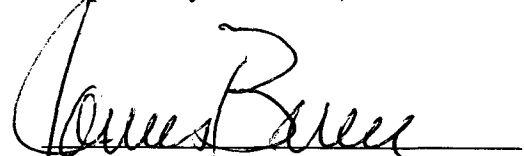
5. The pooling of all mineral interests underlying the E½ of Section 22 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 22, from the surface to the base of the Mississippian formation;
- B. Designating applicant 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.

APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Read & Stevens, Inc.

PROPOSED ADVERTISEMENT

Case No. 13797: Application of Read & Stevens, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 22, Township 11 South, Range 31 East, NMPM, and in the following manner: The E/2 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 NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the SE/4NE/4 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. The units are to be dedicated to the Manry-Elliott Well No. 2, to be drilled at an orthodox location in the SE/4NE/4 Section 22. 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 units are located approximately 6 miles west-southwest of Caprock, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER BE TAKEN UNDER ADVISEMENT**