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December 5, 2006

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

*Case 13851*

Dear Florene:

Enclosed for filing, on behalf of Nadel and Gussman Permian, L.L.C., 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 January 4, 2007 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Nadel and Gussman Permian, L.L.C.

Parties Being Pooled

Primex Energy Partnership, Ltd.  
4849 Greenville Ave., #1600  
Dallas, Texas 78206

Yates Petroleum Corporation  
Yates Drilling Company  
Martin Yates, II  
Basic Energy 1983 - A General Partnership  
John A. Yates  
105 South Fourth Street  
Artesia, New Mexico 88210

Los Chicos  
207 South Fourth Street  
Artesia, New Mexico 88210

Roger Elliott  
415 W. Wall, Suite 1510A  
Midland, Texas 79701

Rio Pecos Corporation  
Mark Wilson  
4501 Greentree Blvd.  
Midland, Texas 79707

Heather Wilson Echols  
6003 Meadowview Lane  
Midland, Texas 79707

Scott Wilson  
4601 Mirador Drive  
Austin, Texas 78735

Todd Wilson  
3608 SCR 1184  
Midland, Texas 79701

James D. Brown, Jr.  
312 W. Grand  
Artesia, New Mexico 88210

Roy L. Crow  
2324 Cravath Ct.  
West Covina, California 91792-2577

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**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF NADEL AND GUSSMAN  
PERMIAN, L.L.C. FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

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Case No. 13851

**APPLICATION**

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 12, Township 21 South, Range 21 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S½ of Section 12, and has the right to drill a well thereon.
2. Applicant proposes to drill its Major Gant Fed. Well No. 1, at an orthodox location in the SW¼ of Section 12, to a depth sufficient to test the Morrow formation, and seeks to dedicate the S½ of Section 12 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, including the Little Box Canyon-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 12 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 12, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 12 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 12, from the surface to the base of the Morrow 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.

Respectfully submitted,



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

Attorney for Nadel and Gussman Permian, L.L.C.

PROPOSED ADVERTISEMENT

Case No. 13851 : **Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy 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 12, Township 21 South, Range 21 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, including the Little Box Canyon-Morrow Gas Pool. The unit is to be dedicated to the Major Gant Fed. Well No. 1, to be drilled at an orthodox location in the SW/4 of Section 12. 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 21 miles west-southwest of Seven Rivers, New Mexico.

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