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2007 JAN 16 PM 3 31

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January 16, 2007

Hand Delivered

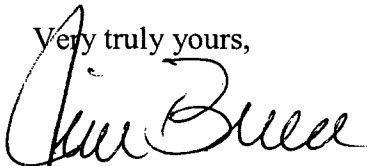
*Case 13872*

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 15, 2007 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Charles D. Ray

PERSONS BEING POOLED

Chesapeake Operating, Inc.  
Chesapeake Exploration Limited Partnership  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

Devon Energy Production Company, L.P.  
P.O. Box 108838  
Oklahoma City, Oklahoma 73101

Attention: Mark Oates

First Roswell Company  
P.O. Box 1797  
Roswell, New Mexico 88202

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

2007 JAN 16 PM 3 31

Case No. 13872

**APPLICATION**

Charles D. Ray applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W½ of Section 29, Township 23 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 W½ of Section 29, and has the right to drill a well thereon.
2. Applicant proposes to drill the TDS Well No. 1, at an orthodox location in the NW¼ of Section 29, to a depth sufficient to test the Morrow formation, and seeks to dedicate the W½ of Section 29 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 Undesignated Antelope Ridge-Atoka Gas Pool and. Undesignated Antelope Ridge-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 29 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 W½ of Section 29, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 29, 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 W½ of Section 29, 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. 13872: **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 W/2 of Section 29, Township 23 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 TDS Well No. 1, to be drilled at an orthodox location in the NW/4 of Section 29. 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 20-1/2 miles southwest of Oil Center, New Mexico.

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