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May 22, 2007

## HAND-DELIVERED

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

Re: *NMOCD Case No. 13943: Application of Encore Operating, LP for  
Compulsory Pooling, Lea County, New Mexico*

Dear Ms. Davidson:

Enclosed is the original and two copies of the Application for Compulsory Pooling in the referenced matter. On behalf of Encore Operating, LP, we request that this Application be set for hearing on the June 21, 2007 examiner hearing docket.

Enclosed in hard-copy and on disk is a proposed advertisement for this case.

Thank you.

Very truly yours,

MILLER STRATVERT P.A.

*J. Scott Hall / glb*  
J. Scott Hall

JSH/glb

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### Proposed Advertisement

Case No. 13943, Application of Encore Operating, LP for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Atoka and Morrow formations underlying the E/2 of Section 28, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acres, including but not necessarily limited to the Atoka and Morrow formations. Said units are to be dedicated to Applicant's proposed Encore 28 State Com No. 1 Well to be drilled from a surface location 800' from the North line and 660' from the East line of said Section 28. 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, designation of Encore Operating, LP or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 12 miles southwest of Artesia, New Mexico.

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

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IN THE MATTER OF THE  
APPLICATION OF ENCORE OPERATING, LP  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO

CASE NO. 13943

**APPLICATION**

ENCORE OPERATING, LP by its undersigned attorneys, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests in all formations developed on a 320-acre basis, including the Atoka and Morrow formations, underlying the E/2 of Section 28, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico, to form a standard 320-acre spacing and proration unit. Applicant would show the Division:

1. Applicant owns certain working interests in and under the E/2 of Section 28, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Encore 28 State Com No. 1 Well to be drilled from a location 800' from the North line and 660' from the East line to a depth sufficient to test the Atoka and Morrow formations underlying the E/2 of Section 28, Township 16 South, Range 34 East, NMPM, Eddy County, New Mexico.
3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the E/2 of said Section 28.

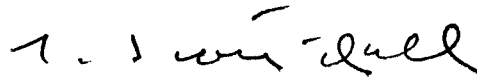
4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on June 21, 2007 and that after notice and hearing as required by law, the Division enter its Order approving the unorthodox well location and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

MILLER STRATVERT P.A.

By:



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