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August 12, 2003

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Oil Conservation Division

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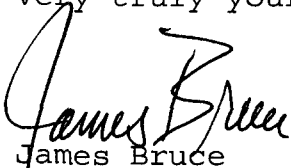
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and one copy of an amended application in Case 13115, together with a proposed advertisement, filed on behalf of Nadel and Gussman Permian, L.L.C. Please re-advertise this case for the September 4, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,


James Bruce

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

cc: Paul R. Owen (w/encl.)

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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Oil Conservation Division

APPLICATION OF NADEL AND GUSSMAN
PERMIAN, L.L.C. FOR SPECIAL POOL
RULES, OR IN THE ALTERNATIVE FOR
A NON-STANDARD GAS SPACING AND
PRORATION UNIT AND AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

Case No. 13115 (Readvertised)

AMENDED APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order (i) increasing the gas:oil ratio in the North Esperanza-Delaware Pool, or (ii) in the alternative, approving a non-standard gas spacing and proration unit in the Delaware formation and an unorthodox gas well location, and in support thereof, states:

1. Applicant is operator of the Tucker Fee Well No. 1Y (the "Well"), located 1600 feet from the south line and 2300 feet from the east line (Unit Letter J) of Section 28. The location of the Well was approved by Division Administrative Order NSL-4925.

2. The Well was drilled to and completed in the Delaware formation, and is within the boundaries of the North Esperanza-Delaware Pool (the "Pool"), which covers the N $\frac{1}{2}$ and SE $\frac{1}{4}$ of Section 28. The Pool is governed by statewide rules, with 40 acre spacing and wells to be located no closer than 330 feet to the outer boundary of a governmental quarter-quarter section. The NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 28 is dedicated to the Well.

3. The oil allowable for the Pool is 80 BOPD, and the gas:oil ratio is 2000:1.

4. The Well is producing from a lower (Brushy Canyon) Delaware zone at a gas:oil ratio in excess of 100,000:1. Based upon bottomhole pressure testing, the Delaware gas zone is limited

in extent. Under Division Rule 506, the gas allowable for the Well is $80 \times 2000 = 160,000 \text{ ft}^3 \text{ gas/day}$.

5. Producing the Well at $160,000 \text{ ft}^3 \text{ gas/day}$ causes operational difficulties. Therefore, applicant requests that special pool rules be instituted for the Pool, providing for:

- (a) a limiting gas:oil ratio of $15,000 \text{ ft}^3$ of gas per barrel of oil; and
- (b) all other rules to comply with statewide rules.

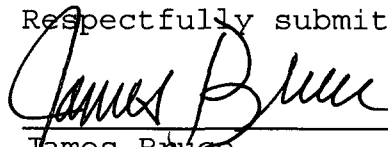
Producing the well at a rate higher than $160,000 \text{ ft}^3 \text{ gas/day}$ will not cause waste. In addition, if the gas zone is not produced before other productive zones, the gas may not be produced.

6. If the Well is deemed a gas well under Division regulations, despite being within the boundaries of an oil pool, applicant requests approval of a non-standard gas spacing and proration unit in the Delaware formation comprised of the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 28, and approval of the above location as an unorthodox gas well location.

7. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the relief requested above be granted.

Respectfully submitted,



James Bruce
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Santa Fe, New Mexico 87504
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Attorney for Nadel and Gussman
Permian, L.L.C.

PROPOSED ADVERTISEMENT

Case 13115 (Readvertised): Application of Nadel and Gussman Permian, L.L.C. for special pool rules, or in the alternative for a non-standard gas spacing and proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order approving special pool rules for the North Esperanza-Delaware Pool, including a limiting gas:oil ratio of 15,000 ft³ of gas for each barrel of oil produced. The pool covers the N½ and SE¼ of Section 28, Township 21 South, Range 27 East, N.M.P.M. In the alternative, if applicant's Tucker Fee Well No. 1Y is deemed to be a gas well, it requests a non-standard gas spacing and proration unit in the Delaware formation comprised of the W½SE¼ of said Section 28. The unit will be dedicated to said well, located at an unorthodox gas well location 1600 feet from the south line and 2300 feet from the east line of Section 28. The pool and unit are centered approximately 3 miles northeast of Carlsbad, New Mexico.

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