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November 18, 2008

Case 14258

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

Dear Florene:

Enclosed for filing, on behalf of Purvis Operating Co., 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 December 18, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Purvis Operating Co.

PARTIES BEING POOLED

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF PURVIS OPERATING CO.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case No. 14258

APPLICATION

Purvis Operating Co. 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 7, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant owns an interest in the E $\frac{1}{2}$ of Section 7.

2. Applicant proposes to drill its Antelope Well No. 1, at an orthodox gas well location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 7, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the following acreage to the well:

- (a) The NE $\frac{1}{4}$ NE $\frac{1}{4}$ to form a standard 40 acre oil and spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent;
- (b) The NE $\frac{1}{4}$ to form a standard 160 acre gas and spacing and proration unit for all pools or formations developed on 160-acre spacing within that vertical extent; and
- (c) The E $\frac{1}{2}$ to form a standard 320 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Pool.
3. Applicant has sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ of Section 7 for the purposes set forth herein.

30-025-38867

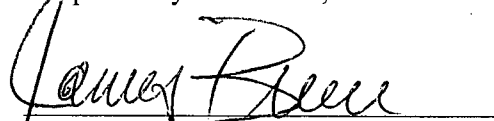
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 7, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 7 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 7, 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.

Respectfully submitted,


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

Attorney for Purvis Operating Co.

PROPOSED ADVERTISEMENT

Case No. 14258: Application of Purvis Operating Co. 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 7, Township 15 South, Range 35 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, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Pool; 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 NE/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 proposed Antelope Well No. 1, to be drilled at an orthodox gas well location in the NE/4NE/4 of Section 7. 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 8 miles northwest of Lovington, New Mexico.

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