

HOLLAND & HART^{LLP}



William F. Carr
wcarr@hollandhart.com

March 31, 2009

HAND-DELIVERED

Mr. Mark Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2009 MAR 31 PM 4 58

Case 14311

Re: Application of Nadel and Gussman Heyco L.L.C. for compulsory pooling,
Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Nadel and Gussman Heyco L.L.C. in the above-referenced case as well as a copy of a legal advertisement. Nadel and Gussman Heyco requests that this matter be placed on the docket for the April 30, 2009 Examiner hearings.

Very truly yours,

William F. Carr
Attorney for Nadel and Gussman
Heyco, L.L.C.

Enclosures

cc: Colby Booth
Landman
Nadel and Gussman Heyco L.L.C.
Post Office Box 1936
Roswell, New Mexico 88202-1936

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Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ♻

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

**IN THE MATTER OF THE APPLICATION
OF NADEL AND GUSSMAN HEYCO, L.L.C.
FOR COMPULSORY POOLING OF FOUR
SPACING UNITS , LEA COUNTY, NEW MEXICO.**

CASE NO. 14311

APPLICATION

NADEL AND GUSSMAN HEYCO, L.L.C. ("NGH"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the base of the Yates formation to the base of the Queen formation in four spacing and proration units located in the NW/4 of Section 28, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico to test any and all pools in these formations, which includes the Pearl-Queen Pool, as follows:

- A. NW/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 1 to be drilled at a standard location 330 feet from the North line and 660 feet from the West line of said Section to an approximate depth of 5050;
- B. SW/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 2 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;
- C. SE/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 3 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;
- D. NE/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 4 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;

In support of its application, NGH states:

- 1. NGH is a working interest owner in the NW/4 of said Section 28.

2. NGH has sought and been unable to obtain voluntary agreement for the development of this acreage from the owners of interest therein identified on Exhibit A to this application to whom notice of this application will be provided in accordance with the rules of the Division.

3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

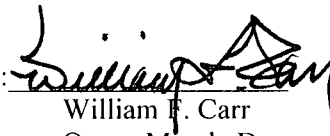
4. In order to permit NGH to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and NGH should be designated the operator of the wells.

WHEREFORE, Nadel and Gussman Heyco L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 30, 2009, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Nadel and Gussman Heyco L.L.C. operator of the units and the wells to be drilled thereon,
- C. authorizing NGH to recover its costs of drilling, equipping and completing the wells,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by the NGH in drilling and completing the wells against any working interest owner who does not voluntarily participate in the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR NADEL AND GUSSMAN
HEYCO L.L.C.

EXHIBIT A
NADEL AND GUSSMAN HEYCO L.L.C.
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.

NOTICE LIST

Cimarex Energy Co.
15 East 5th Street, suite 1000
Tulsa, Oklahoma 74103-4346

EOG Resources Inc.
Post Office Box 2267
Midland, Texas 79702

Merit Partners, L.P.
13727 Noel Road, Suite 500
Dallas, Texas 75240

Merit Energy Partners III, LP
13727 Noel Road, Suite 500
Dallas, Texas 75204

Merit Energy Partners D-III, LP
13727 Noel Road, Suite 500
Dallas, Texas 75204

CASE 14311: **Application of Nadel and Gussman Heyco L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an for an order pooling all mineral interests from the base of the Yates formation to the base of the Queen formation in four spacing and proration units located in the NW/4 of Section 28, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico to test any and all pools in these formations, which includes the Pearl-Queen Pool, as follows:

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- D. NE/4 NW/4 to be dedicated to its Paloma Ridge 28 Federal Well No. 4 to be drilled at a standard location to be drilled to an approximate total depth of approximately 5050;

Also to be considered will be the cost of drilling and completing these wells as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling these wells. Said area is located approximately 20 miles west of Hobbs, New Mexico.

Case # 14311

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State LEase - 4 Copies

Fee LEase - 3 Copies

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39310	Pool Code 96325	Lea Gray butte 006311	Pool Name PEARL
Property Code 37541	Property Name PALOMA RIDGE		Well Number 1
OGRID No. 258462	Operator Name NADEL AND GUSSMAN HEYCO, LLC		Elevation 3711'

Surface Location

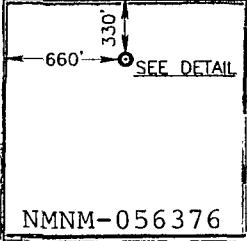
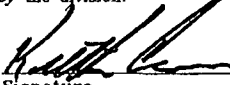
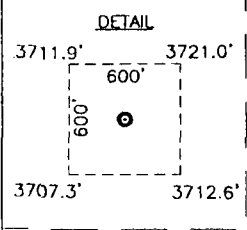
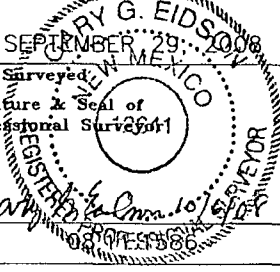
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	19-S	34-E		330	NORTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	19-S	34-E		330	NORTH	660	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>#4</p> <p>#2</p> <p>GEODETIC COORDINATES NAD 27 NME.</p> <p>Y=596452.1 N X=734613.7 E</p> <p>LAT.=32.637436° N LONG.=103.571192° W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p> 10-9-08 Signature Date</p> <p>Keith Cannon Printed Name</p>
		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p></p> <p>Date Surveyed Signature & Seal of Professional Surveyor</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>