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SEP 30 2003

**OIL CONSERVATION
DIVISION**

September 28, 2003

Via Fax and U.S. Mail

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

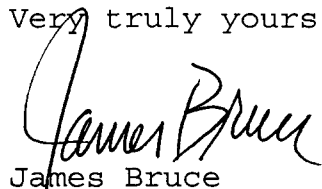
Case 13171

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Leede Operating Company, L.L.C. Please set this matter for the October 23, 2002 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Leede Operating Company, L.L.C.

PARTIES BEING POOLED

Robert Dieken
76 Stacy Avenue
Streator, Illinois 61364

Doug Dieken
c/o Robert Dieken
76 Stacy Avenue
Streator, Illinois 61364

Howard Payne
c/o Bruce Payne
Suite 600
1 Dearborn Square
Kankakee, Illinois 60901

Granville C. Nash and
wife Vesta Nash

Francis Daughterty C de Baca
and husband F. C de Baca, Jr.

Marion Daughterty Torres

Robert W. Stotler

Spindletop Exploration Company, Inc.

Sara Francis Stovall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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Oil Conservation Division

APPLICATION OF LEEDE OPERATING
COMPANY, L.L.C. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 13171

APPLICATION

Leede Operating Company, L.L.C. applies for an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7, Township 19 South, Range 39 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7, and has the right to drill a well thereon.

2. Applicant proposes to drill its Schubert "7" Well No. 1, at an orthodox oil well location, and seeks to dedicate the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7 to the well for all pools or formations developed on 40 acre spacing, including the Undesignated Foster-San Andres Pool and Undesignated Nadine Drinkard-Abo Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7 for the purposes set forth herein.

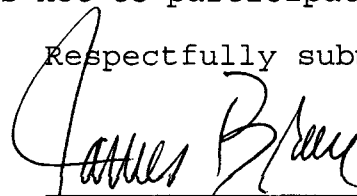
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NW¼SE¼ 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 NW¼SE¼ of Section 7, from the surface to the base of the Abo formation;
- B. Designating Sahara Operating Company as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting those rates as provided in the COPAS accounting procedure;
- E. Setting a cost plus 200% charge for the risk involved in drilling and completing the well in the event a mineral or 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 Leede Operating Company,
L.L.C.

PROPOSED ADVERTISEMENT

Case 13171: Application of Leede Operating Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7, Township 19 South, Range 39 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Foster-San Andres Pool and Undesignated Nadine Drinkard-Abo Pool. The unit is to be dedicated to the Schubert "7" Well No. 1, to be drilled at an orthodox oil well location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ 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 Sahara Operating Company as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 3 miles southeast of Hobbs, New Mexico.

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