

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF NADEL AND GUSSMAN
PERMIAN, L.L.C. FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

No. 12979

APPLICATION

Nadel and Gussman Permian, L.L.C. applies for an order pooling all mineral leasehold interests from the surface to the base of the Morrow formation underlying Lots 1-5, the S $\frac{1}{2}$ NE $\frac{1}{4}$, and the SE $\frac{1}{4}$ NW $\frac{1}{4}$ (the N $\frac{1}{2}$ equivalent) of Section 6, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 6, and has the right to drill a well thereon.

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

(a) The Lots 1, 2, and the S $\frac{1}{2}$ NE $\frac{1}{4}$ (the NE $\frac{1}{4}$ equivalent) of Section 6 to form a standard 159.40 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and

(b) The N $\frac{1}{2}$ of Section 6 to form a standard 317.26 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Loving-Upper Pennsylvanian Gas Pool, Undesignated North Loving-Atoka Gas Poll, and Undesignated North Loving-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the N½ of Section 6 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold 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 leasehold interest owners in the N½ of Section 6, pursuant to NMSA 1978 §70-2-17.

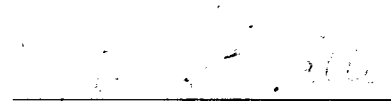
5. The pooling of all mineral leasehold interests underlying the N½ of Section 6, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral leasehold interests in the N½ of Section 6, from the surface to the base of the Morrow formation;
- B. Designating applicant 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 said rates pursuant to the COPAS accounting procedure; and

E. Setting a penalty 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,



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