

CASE 118-1:

REOPENED AND READVERTISED:

Amended Application of Paloma Resources Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Strawn formation in the S/2 SW/4 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico forming a standard 80-acre spacing and proration unit in the Undesignated West Casey-Strawn Pool. Said unit is to be dedicated to the Paloma Resources Inc. Shell Oil Company Home Stake Well No. 1 located 660 feet from the South and West lines of said Section 28 which, in accordance with Division Rule 111, is to be a directional wellbore whose Producing Interval will be located within its Producing Area and dedicated to a Project Area consisting of the S/2 SW/4 of Section 28, Township 16 South, Range 37 East, NMPM.

Also to be considered will be the cost of drilling and completing said 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 charge for risk involved in drilling said well. Said area is located approximately 7 miles north-northwest of Humble City, New Mexico.