

PROPOSED ADVERTISEMENT

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CASE NO. _____:

APPLICATION OF GILLESPIE OIL, INC. AND ENERGEN RESOURCES CORPORATION TO AMEND DIVISION ORDER NO. R-10864-A FOR UNIT EXPANSION, STATUTORY UNITIZATION, AND QUALIFICATION OF THE EXPANDED UNIT AREA FOR THE RECOVERED OIL TAX RATE AND CERTIFICATION OF A POSITIVE PRODUCTION RESPONSE PURSUANT TO THE "NEW MEXICO ENHANCED OIL RECOVERY ACT," LEA COUNTY, NEW MEXICO. Applicants seek to amend Division Order No. R-10864-A to expand the West Lovington Strawn Unit and unitizing all mineral interests in the designated and undesignated West Lovington-Strawn Pool underlying all or parts of Sections 28, 32, 33, 34, and 35, Township 15 South, Range 35 East; Section 1, Township 16 South, Range 35 East; and Sections 5 and 6, Township 16 South, Range 36 East, comprising 2612.90 acres, more or less, of state, federal, and fee lands. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 Sections 70-7-1 et seq., will be: The necessity of unit operations; the determination of horizontal and vertical limits of the expanded unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the expanded unit area; the determination of credits and charges to be made among the various interest owners in the expanded unit area for their investment in wells and equipment; appropriate amendments to the Unit Agreement and Unit Operating Agreement; and such other matters as may be necessary and appropriate. Applicants further seek to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," NMSA 1978 Sections 7-29A-1 through 7-29A-5, and to certify five wells within the expanded unit area for a positive production response. The unit is located approximately 4 miles northwest of Lovington, New Mexico.