

REVISED PROPOSED ADVERTISEMENT

Case 11541: Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 26, Township 19 South, Range 28 East, NMPM, and in the following manner: The N $\frac{1}{2}$ of Section 26 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated South Millman-Atoka Gas Pool, the Undesignated Winchester-Morrow Gas Pool, the Undesignated Winchester-Upper Pennsylvanian Gas Pool, and the Undesignated Winchester Strawn Gas Pool; the NW $\frac{1}{4}$ of Section 26 to form a standard 160-acre gas spacing and proration unit for any and all pools and/or formations developed on 160-acre spacing within said vertical extent, including the Undesignated Winchester-Wolfcamp Gas Pool; the ~~E $\frac{1}{2}$ NW $\frac{1}{4}$~~ of Section 26 for all pools and/or formations developed on 80-acre spacing within said vertical extent, including the Undesignated Old Millman Ranch-Bone Spring (Associated) Pool; and the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26 to form a standard 40-acre oil spacing and proration unit for any and all pools and/or formations developed on 40-acre spacing with said vertical extent, including the Undesignated Outpost-Delaware Pool, the Undesignated East Millman Queen-Grayburg-San Andres Pool, the Undesignated Scanlon Draw-Queen Pool, and the Undesignated Winchester-Bone Spring Pool. Said units are to be dedicated to Applicant's Fort Sedgewick "26" St. Com. Well No. 1, to be drilled at an orthodox well location 660

feet from the North line and 1,980 feet from the West line (Unit C) of the section. 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 the risk involved in drilling said well. Said unit is located approximately 6½ miles Southeast of Illinois Camp.