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PROPOSED ADVERTISEMENT

Case 11661 : 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 20, Township 22 South, Range 28 East, NMPM, and in the following manner: The S $\frac{1}{2}$ of Section 20 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 Dublin Ranch-Atoka Gas Pool, the Undesignated Dublin Ranch-Morrow Gas Pool, and the Undesignated Otis-Morrow Gas Pool; the SE $\frac{1}{4}$ of Section 20 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent; and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 20 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including the Undesignated Indian Draw-Delaware Pool and the Undesignated Herradura Bend-Cherry Canyon Pool. Said unit is to be dedicated to applicant's Federal "AE" Well No. 1, to be recompleted at an orthodox location 1650 feet from the South line and 1980 feet from the East line of said Section 20. Also to be considered will be the cost of drilling and recompleting 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 and recompleting the

well. Said unit is located approximately 6 miles north of Loving,
New Mexico.