

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF SEGURO OIL AND GAS, LLC
FOR APPROVAL OF THE EXPANSION OF THE
UNITIZED INTERNAL IN THE WEST SQUARE
LAKE UNIT, EDDY COUNTY, NEW MEXICO**

Case No. 20253

APPLICATION

Pursuant to 19.15.20.14 NMAC, Seguro Oil and Gas, LLC ("Seguro") applies for an order approving an expansion of the unitized interval in the West Square Lake Unit ("the Unit"). In support of its application, Seguro states:

1. In Order No. R-7375, the Oil Conservation Division approved the Unit as a voluntary unit and noted that unitization had been proposed for the purposes of instituting a secondary recovery project in the Graybury and San Andres formations. The unitized interval extends from 2,818 to 3,150 feet.

2. The Unit Area comprises 3,320 acres, more or less, of Federal and State of New Mexico lands situated in Eddy County, described as follows:

Township 16 South, Range 30 East, N.M.P.M.

Section 26: SE/4 and S/2 NE/4
Section 32: E/2 SE/4 and SE/4 NE/4
Section 33: All
Section 34: All
Section 35: All
Section 36: S/2

Township 17 South, Range 30 East, N.M.P.M.

Section 2: N/2 N/2
Section 4: N/2, SE/4, N/2 SW/4, and SE/4 SW/4

3. Seguro (OGRID No. 372066) is the successor operator under the Amended Unit Agreement.

4. Seguro seeks to extend the bottom depth of the unitized interval down to the stratigraphic equivalent of the base of the San Andres formation at a measured depth of 4,180 feet, as encountered in the Aspen Federal Com #1H well (API No. 30-015-31656) located in Section 31, Township 16 South, Range 31 East, N.M.P.M.

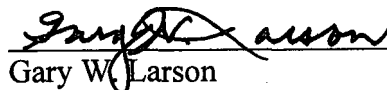
5. An Amended Unit Agreement that includes the expanded unitized interval has been approved by a sufficient percentage of the interest owners within the Unit Area to provide effective control of unit operations.

6. Approval of this application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

WHEREFORE, Seguro requests that (i) this application be set for hearing on January 24, 2019, and (ii) after notice and hearing, the Division enter an order granting this application.

Respectfully submitted,

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Case No. _____: Application of Seguro Oil and Gas for Approval of the Expansion of the Unitized Interval in the West Square Lake Unit, Eddy County, New Mexico. Applicant seeks approval of an expansion of the unitized interval in the West Square Lake Unit, which comprises 3,320 acres, more or less, of Federal and State of New Mexico lands situated in the SE/4 and S/2 NE/4 of Section 26, the E/2 SE/4 and SE/4 NE/4 of Section 32, Sections 33, 34, and 35, and the S/2 of Section 36, Township 16 South, Range 30 East and the N/2 N/2 of Section 2 and the N/2, SE/4, N/2 SW/4, and SE/4 SW/4 of Section 4, Township 17 South, Range 30 East, N.M.P.M., in Eddy County. The unitized interval currently extends from 2,818 to 3,150 feet. Applicant seeks to extend the base of the unitized interval to the stratigraphic equivalent of the base of the San Andres formation at a measured depth of 4,180 feet, as encountered in the Aspen Federal Com #1H well (API No. 30-015-31656) located in Section 31, Township 16 South, Range 31 East, N.M.P.M. The unit acreage is located approximately five (5) miles north of Loco Hills, New Mexico.