

PROPOSED ADVERTISEMENT

Case 11857: Application of Chi Energy, 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 4, Township 17 South, Range 27 East, NMPM, and in the following manner: The S $\frac{1}{2}$  of Section 4 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 Crow Flats-Morrow Gas Pool; the SE $\frac{1}{4}$  of Section 4 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 SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres within said vertical extent, including the Undesignated Daugherity Grayburg-San Andres Pool. Said units are to be dedicated to the applicant's LD Fed. "4" Well No. 1, to be drilled at an orthodox location 660 feet from the South line and 1980 feet from the East line of said Section 4. 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 and the well. Said units are located approximately 6.5 miles East-Northeast of Artesia, New Mexico.