

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

June 29, 1998

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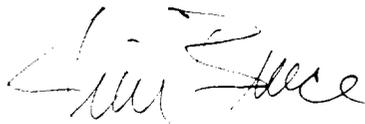
Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 11998; Application of Costilla Energy, Inc. for
compulsory pooling, Eddy County, New Mexico

Dear Florene:

The advertisement for the above case contained a few minor errors. Enclosed is a revised advertisement for the case, with the corrections highlighted. Please re-advertise the case for the July 23, 1998 Examiner hearing. Thank you.

Very truly yours,



James Bruce

/ Attorney for Costilla Energy, Inc.

OIL CONSERVATION DIV.
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PROPOSED ADVERTISEMENT

(Readvertised)

Case 11998: Application of Costilla 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 Chester series or formation underlying the following described acreage in Section 33, Township 16 South, Range 26 East, NMPM, and in the following manner: The N $\frac{1}{2}$ of Section 33 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 POW-Morrow Gas Pool and Undesignated P.O.W.-Strawn Gas Pool; the NW $\frac{1}{4}$ of Section 33 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 SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 33 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. Said units are to be dedicated to applicant's Funk "49" Well No. 2, located at an orthodox location 1980 feet from the North line and 1680 feet from the West line (Unit F) of said Section 33. 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 3 miles North-Northeast of Artesia, New Mexico.