

OIL CONSERVATION DIV.

PROPOSED ADVERTISEMENT

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Case 12091 :

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 E½ of Section 23, Township 18 South, Range 31 East, NMPM, 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 but not limited to the Undesignated Shugart-Morrow Gas Pool and Undesignated North Shugart-Atoka Gas Pool. Said unit is to be dedicated to applicant's Shugart "23" Fed. Com. Well No. 1, to be drilled at an orthodox gas well location 1650 feet from the South line and 1980 feet from the East line of said Section 23. 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 the well. Said unit is located approximately 10.5 miles southeast of Loco Hills, New Mexico.