

REGISTRATION DIV.

CO SEP 26 PM 8:58

PROPOSED ADVERTISEMENT

Case 12514 : 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 11, Township 22 South, Range 25 East, NMPM, and in the following manner: The W $\frac{1}{2}$ of Section 11 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Catclaw Draw-Wolfcamp Gas Pool, Undesignated McKittrick Canyon-Upper Pennsylvanian Gas Pool, Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Revelation-Strawn Gas Pool, and Revelation-Morrow Gas Pool; the NW $\frac{1}{4}$ of Section 11 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres within that vertical extent, including the Undesignated Azotea Mesa-Bone Spring Pool. The units are to be dedicated to applicant's Big Mac "11" Fed. Com. Well No. 1, to be drilled at a location 1980 feet from the north and west lines (Unit F) of Section 11. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chi Operating, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 8 $\frac{1}{2}$ miles west-southwest of Carlsbad, New Mexico.