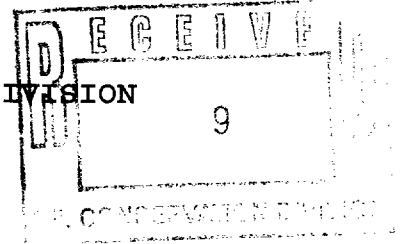


BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION



APPLICATION OF SANTA FE ENERGY  
RESOURCES, INC. FOR COMPULSORY  
POOLING AND AN UNORTHODOX OIL  
WELL LOCATION, LEA COUNTY,  
NEW MEXICO.

NO. 11659

APPLICATION

Santa Fe Energy Resources, Inc. hereby makes application for an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 27, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and granting an unorthodox oil well location, and in support thereof states:

1. Applicant is a working interest owner in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 27, and has the right to drill a well thereon.
2. Applicant proposes to drill its Grassland "27" Well No. 1, at an unorthodox oil well location 1243 feet from the South line and 353 feet from the East line of the Section, to a depth sufficient to test the Devonian formation, and seeks to dedicate the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 27 for all pools or formations spaced on 40 acres.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 27 for the purposes set forth herein.
4. Although Applicant has attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in

dedicating their interests. Therefore, Applicant seeks an order pooling all mineral interest owners in the SE¼SE¼ of Section 27, pursuant to *N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.)*.

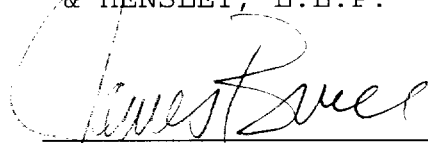
5. Applicant requests the Division to consider the cost of drilling the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated the operator of the well, and that the Division set a penalty for the risk involved in drilling the well.

6. The pooling of all mineral interests underlying the SE¼SE¼ of Section 27, and the granting of the unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after hearing, the Division grant the relief requested above.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.



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