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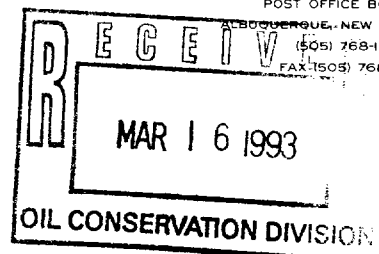
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March 15, 1993

William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503



Re: Case No. 10,666, The Application of Santa Fe Energy Operating Partners, L.P. for Compulsory Pooling, a Non-Standard Spacing and Proration Unit, and an Unorthodox Gas Well Location, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed are an original and two copies of a Second Amended Application in the above matter, which adds a request for an unorthodox gas well location (as requested by Mr. Stogner). Please continue this case to the April 8, 1993 hearing.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce
James Bruce

JB:frs

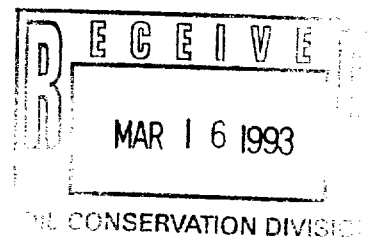
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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR COMPULSORY POOLING, A NON-STANDARD SPACING AND PRORATION UNIT, AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

No. 10,666



SECOND AMENDED APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$ of Section 18, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, for a non-standard 320 acre unit for Morrow production, and for an unorthodox gas well location, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the E $\frac{1}{2}$ of said Section 18.

2. Applicant proposes to drill a well in the E $\frac{1}{2}$ of Section 18, at an orthodox location 1,980 feet from the South line and 660 feet from the East line of the Section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The E $\frac{1}{2}$ of Section 18 for all pools or formations spaced on 320 acres;

(b) The SE $\frac{1}{4}$ of Section 18 for all pools or formations spaced on 160 acres; and

(c) The NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18 for all pools or formations spaced on 40 acres.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the E½ of Section 18 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral or leasehold 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 acreage. Therefore, Applicant seeks an order pooling all mineral and leasehold interest owners underlying the E½ of Section 18, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

5. Applicant requests the Division to consider the cost of drilling and completing 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 as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

6. The proposed well is within the McMillan-Morrow Gas Pool. Under Order No. R-2917, a standard spacing and proration unit for a well in said Pool is 640 acres, with a well to be located no closer than 1,650 feet to the outer boundary of a section. Pursuant to Rule 3 of the Special Rules and Regulations for said Pool, Applicant requests a non-standard spacing and proration unit comprised of the E½ of Section 18. Applicant also requests approval of the above location, which is an unorthodox gas well location under the Special Rules and Regulations, pursuant to

Division Rule 104(F). Applicant has also requested administrative approval of the non-standard unit and unorthodox gas well location, but is applying for hearing in the event of a protest to the administrative application.

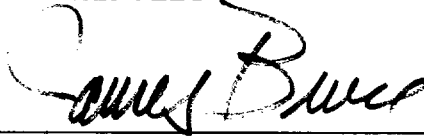
7. The pooling of all interests underlying the E $\frac{1}{2}$ of Section 18, and the granting of the non-standard unit and unorthodox well location for Morrow production, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

Dated: March 15, 1993.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorneys for Applicant