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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P., FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

Case No. 9562

APPLICATION

Santa Fe Energy Operating Partners, L.P., hereby makes application for an order pooling all interests from the surface to the base of the Morrow formation in the N $\frac{1}{2}$ of Section 11, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is working interest owner in the N $\frac{1}{2}$ of said Section 11.

2. Applicant proposes to drill its Dagger Draw 11 Fed. Com. Well No. 1 in the N $\frac{1}{2}$ of Section 11, at a location 1980 feet from the West line and 660 feet from the North line, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 11 for all pools or formations spaced on 40 acres;

(b) The N $\frac{1}{2}$ NW $\frac{1}{4}$ Section 11 for all pools or formations spaced on 80 acres;

(c) The NW $\frac{1}{4}$ Section 11 for all pools or formations spaced on 160 acres; and

(d) The N $\frac{1}{2}$ Section 11 for all pools or formations spaced on 320 acres.

3. Applicant has in good faith sought to join all other mineral interest owners in the N½ of Section 11 for the purposes set forth herein.

4. Although Applicant 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 refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral interest owners underlying the N½ of Section 11, 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 pooling of all interests underlying the N½ of Section 11, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the December 21, 1988 Examiner hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By



James Bruce
500 Marquette, N. W., Suite 740
Albuquerque, New Mexico 87102
(505) 768-1500

Attorneys for Applicant