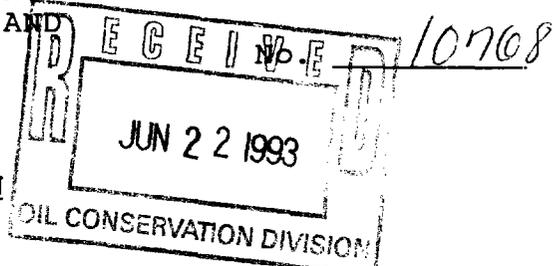


BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR COMPULSORY POOLING AND AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.



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 Cisco/Canyon formation underlying all of Section 8, Township 22 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and for an unorthodox well location, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in said Section 8.
2. Applicant proposes to re-enter the Amoco Fed. Azotea Mesa No. 1-8 Well, located 743 feet from the North line and 1055 feet from the West line of Section 8, and drill to a depth sufficient to test the Cisco/Canyon formation, and seeks to dedicate all of Section 8 for all pools or formations spaced on 640 acres (including the Indian Basin-Upper Pennsylvanian Gas Pool).
3. In the alternative, in the event special pool rules are promulgated for the W $\frac{1}{2}$ of Section 17 pursuant to Case No. 10,748, and Section 8 is aimed to be governed by said rules, Applicant requests that the S $\frac{1}{2}$ of Section 8, from the surface to the base of the Cisco/Canyon formation, be pooled for all pools and formations

spaced on 320 acres. The S½ of Section 8 will be dedicated to a well to be drilled at a standard location.

4. Applicant has in good faith sought to join all other mineral or leasehold interest owners in Section 8 for the purposes set forth herein.

5. 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 Section 8, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

6. 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 above well location is unorthodox for 640 acre units by reason of being too near the outer boundary of the unit, and too near the quarter-quarter section line, and applicant requests approval of said location.

7. The pooling of all interests underlying all of Section 8,

as described above, 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 the Division grant the relief requested above.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

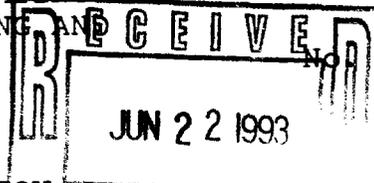
A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a solid horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

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