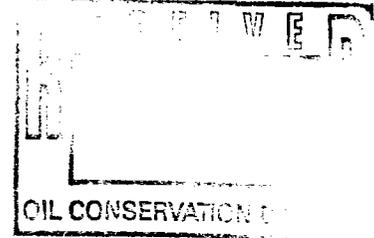


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11,383

APPLICATION OF SANTA FE ENERGY
RESOURCES, INC. FOR APPROVAL OF A
UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO.



PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Applicant as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Santa Fe Energy Resources, Inc.
550 West Texas, Suite 1330
Midland, Texas 79701
(915) 686-6172

Attn: Danita Walker

OPPOSITION OR OTHER PARTY

ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley, P.L.L.C., Ltd., Co.
Post Office Box 2068
Santa Fe, New Mexico 87504-2068

(505) 982-4554

ATTORNEY

STATEMENT OF CASE

APPLICANT

Applicant requests approval of the Kemosabe Unit, an exploratory unit covering state land. Applicant proposes to drill a well to test the Bone Spring formation. Unitization will ensure orderly development of the prospective reservoirs in this area.

OPPOSITION

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Danita Walker (Landman)	10 minutes	(a) Land Plat (b) Unit Agreement (c) Land Commissioner preliminary approval (d) Operating Agreement (e) AFE
Mike Dilli (Geologist)	10 minutes	(a) Cross-section (b) Isopach

OPPOSITION

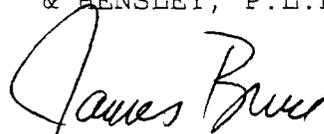
WITNESSES	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

The advertisement for the case omitted the word "Energy" from applicant's name, and it also misdescribed the acreage in Township 18 South, Range 34 East as Section 18 rather than Section 13. Thus, the case needs to be readvertised. In addition, the proposed unit boundaries have been contracted to include only the NE $\frac{1}{4}$ and S $\frac{1}{2}$ of Section 13, Township 18 South, Range 34 East, and Lots 1-4 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 18, Township 18 South, Range 35 East, containing 792.64 acres.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, P.L.L.C., Ltd., Co.



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Attorneys for Santa Fe Energy
Resources, Inc.