

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. 11,077

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. FOR
COMPULSORY POOLING, AN UNORTHODOX
GAS WELL LOCATION, AND DIRECTIONAL
DRILLING, 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 Operating
Partners, L.P.
Suite 1330
550 West Texas
Midland, Texas 78701
(915) 687-3551
Attention: Curtis D. Smith

ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

OPPOSITION OR OTHER PARTY

Walter Krug

ATTORNEY

W. Thomas Kellahin

STATEMENT OF CASE

APPLICANT

Applicant seeks to force pool 320 acres of land for a Morrow test well. There are interest owners who have not yet committed their interests to the well. The surface location is dictated by the BLM due to potash considerations. Directional drilling is required to reach the optimum bottom hole location for a Morrow well.

OPPOSITION

PROPOSED EVIDENCE

APPLICANT

| WITNESSES | EST. TIME | EXHIBITS |
|-------------------------------|------------|---|
| Curtis D. Smith (Landman) | 15 minutes | (a) Land Plat (b) Correspondence (c) AFE (d) Affidavit of Notice |
| Mike Dilli (Geologist) | 10 minutes | (a) Isopach (b) Production Map |
| Darrell Roberts (Engineer) | 10 minutes | (a) Drilling prognosis |

OPPOSITION

| WITNESSES | EST. TIME | EXHIBITS |
|-----------|-----------|----------|
|-----------|-----------|----------|

PROCEDURAL MATTERS

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



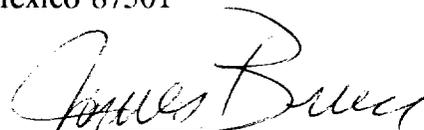
James Bruce
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Attorneys for Santa Fe Energy Operating
Partners, L.P.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was hand delivered this 31st day of August, 1994 to:

W. Thomas Kellahin
Kellahin & Kellahin
117 N. Guadalupe Street
Santa Fe, New Mexico 87501



James Bruce