

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

AUG 9 1994

NO. 11680

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 Atoka formation underlying the S $\frac{1}{2}$ of Section 20, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the S $\frac{1}{2}$ of said Section 20.

2. Applicant proposes to drill its Harroun Trust 20 Fed. Com. No. 1 Well in the S $\frac{1}{2}$ of Section 20, at an unorthodox gas well 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 Atoka formation, and seeks to dedicate (a) the S $\frac{1}{2}$ of Section 20 for all pools or formations spaced on 320 acres (including the Laguna Salado-Atoka Gas Pool), and (b) the SE $\frac{1}{4}$ of Section 20 for all pools or formations spaced on 160 acres.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the S $\frac{1}{2}$ of Section 20 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 S½ of Section 20, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl. Pamp.).

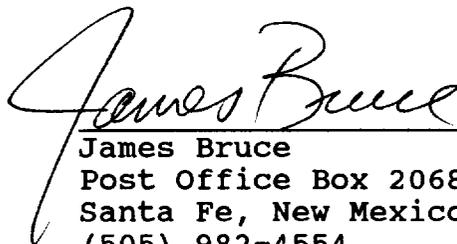
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

6. The pooling of all interests underlying the S½ of Section 20, 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
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