

RECEIVED

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

JUL 5 1995

APPLICATION OF SANTA FE ENERGY  
RESOURCES, INC. FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO

No. 11342 Oil Conservation Division

APPLICATION

Santa Fe Energy Resources, Inc., hereby makes application for an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of said Section 32.

2. Applicant proposes to drill its Falcon "32" State Well No. 1 in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32, at an orthodox gas well location 2080 feet from the North line and 1650 feet from the West line of the Section, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32 for all pools or formations spaced on 40 acres (including the South Sand Dunes-Bone Spring Pool and undesignated West Triste Draw-Delaware Pool), forming a standard 40 acre oil spacing and proration unit.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32 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 SE<sup>1</sup>/<sub>4</sub>NW<sup>1</sup>/<sub>4</sub> of Section 32, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl. Pam.).

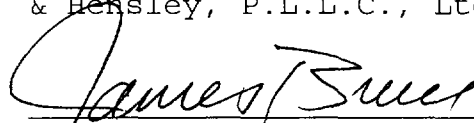
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty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

6. The pooling of all interests underlying the SE<sup>1</sup>/<sub>4</sub>NW<sup>1</sup>/<sub>4</sub> of Section 32, as described above 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, P.L.L.C., Ltd., Co.



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

Attorneys for Santa Fe Energy  
Resources, Inc.

bonespg.app