

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

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

CASE NO. 11294

MOTION TO DISMISS

Comes now PHILLIPS PETROLEUM COMPANY ("Phillips"), by its attorneys, Kellahin and Kellahin, enters its appearance in this case as an interested party in opposition to the Applicant and moves the Division to dismiss this case because the Applicant, Santa Fe Energy Resources, Inc., has violated Section 70-2-17(C) NMSA (1978) by instituting an application for compulsory pooling for a spacing unit one-half of which is already committed to another spacing unit and by filing said application prior to proposing the well;

And in Support States:

(1) On February 3, 1995, Santa Fe Energy Resources, Inc. ("Santa Fe") requested a term assignment of Phillips Petroleum Company's ("Phillips") interest in 480 acres in parts of Sections 21 and 27, T21S, R33E, NMPM, Lea County, New Mexico.

(2) On March 28, 1995, Phillips responded it was not interested in assigning its 480-acre interest to Santa Fe.

(3) On April 28, 1995, Santa Fe proposed the voluntary formation of a five (5) section exploratory unit including Phillips' 480-acres with the initial unit well to be drilled on Phillips' acreage in the SW/4 of Section 27. See Exhibit "A".

(4) However, at no time prior to May 9, 1995, did Santa Fe propose the formation of a single 320-acre gas spacing unit consisting of the W/2 Section 27 for a well **other** than as part of the five section exploratory unit or as part of a 480-acre assignment or farmout deal.

(5) On Tuesday, May 9, 1995, counsel for Santa Fe filed a Compulsory Pooling Application with the Division seeking to pool the W/2 of Section 27 as a 320-acre Morrow formation gas spacing unit in which Santa Fe controls 25% (the N/2NW/4) and Phillips controls the remaining 75%. See Exhibit "B" attached.

(6) On Thursday, May 11, 1995, Santa Fe sent a letter to Phillips which is referenced "Abe Exploratory Unit" and in which Santa Fe again proposed the voluntary five section exploration unit or the inclusion of Phillips' interest as part of a multiple well program.

(7) On that same day, May 11, 1995, Santa Fe also sent notice to Phillips that Santa Fe had filed with the Division a compulsory pooling application for the W/2 of Section 27, T21S, R33E, NMPM, Lea County, New Mexico.

(8) The W/2 spacing unit for Section 27, for which Santa Fe seeks to have the Division issue a compulsory pooling order, is not available for pooling because the SW/4 of Section 27 has already been consolidated on a 100% voluntarily basis and dedicated to a S/2 spacing unit for the drilling of Phillips' Phillips State Well No. 1 in Unit (N). See Exhibit "C" attached.

WHEREFORE Phillips Petroleum Company requests that the
Division Hearing Examiner grant this motion and dismiss Oil Conservation
Division Case 11294 because:

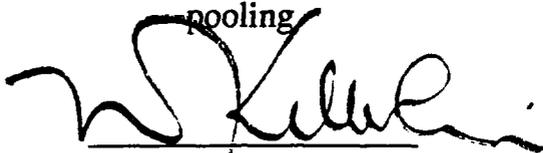
(a) The New Mexico "Statutory Unitization Act" (Section 70-7-1 through 70-7-21 NMSA (1978) is available only for secondary recovery and pressure maintenance projects and cannot be used for exploratory units;

(b) Section 70-2-17 NMSA (1978) is applicable only for those instances in which a spacing unit is available and the parties in that spacing unit cannot agree to pool their interests;

(c) In this case, the S/2 of Section 27 is already committed on a voluntarily basis for a well and therefore SW/4 cannot be made the subject of a W/2 compulsory pool case without violating the provisions of Section 70-2-17 NMSA (1978);

(d) Santa Fe filed its Compulsory Pooling Application prior to properly proposing the subject well as part of a single spacing unit; and

(e) Contrary to the custom and practice before the Division and in violation of Section 70-2-17 (c) NMSA (1978), Santa Fe has instituted compulsory action against Phillips seeking to form a spacing unit which cannot be approved by compulsory
pooling



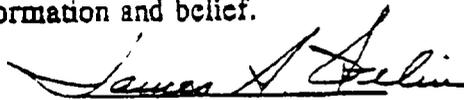
W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Reese B. Copeland, Esq.
Phillips Petroleum Company
4001 Penbrook, Suite 216
Odessa, Texas 79762-5972

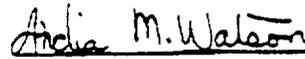
VERIFICATION

State of Texas)
)ss.
County of Midland)

Comes now James S. Welin, being first duly sworn, upon his oath deposes and states: That he is the Petroleum Land Manager for Phillips Petroleum Company, Odessa, Texas, that he has read the foregoing pleadings and know the contents thereof, and that the same is true and correct of this own knowledge, information and belief.

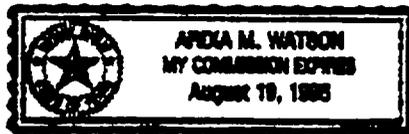

James S. Welin

SUBSCRIBED AND SWORN to before me by James S. Welin, who personally appeared before me this 24th day of May, 1995.


Notary Public

My Commission Expires: Aug. 19, 1996

Seal



CERTIFICATE OF SERVICE

I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 26th day of May, 1995.

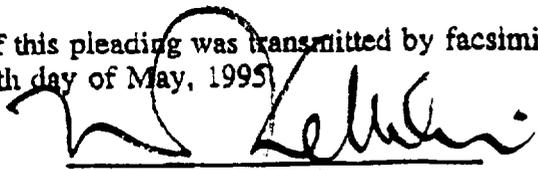
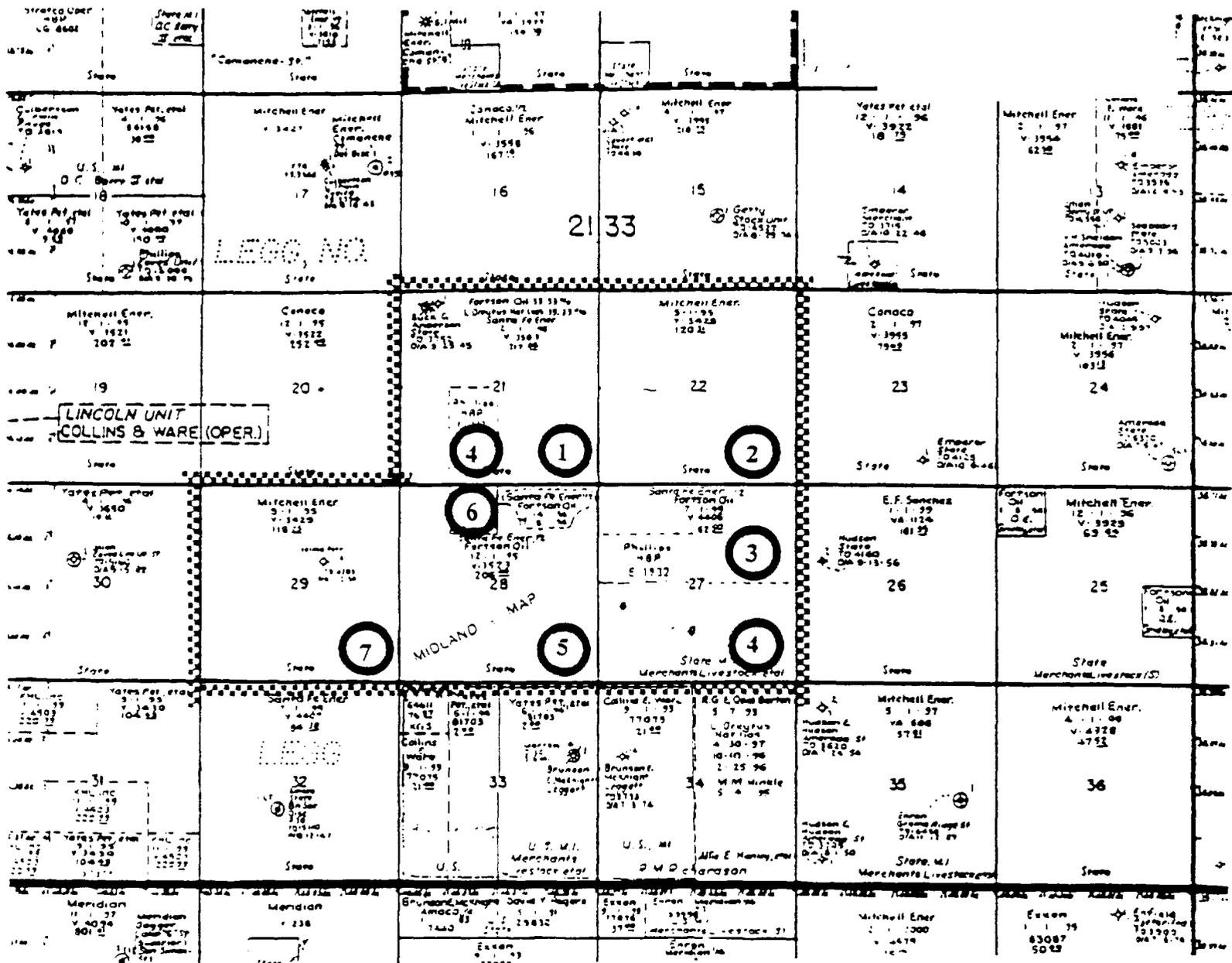

W. Thomas Kellahin

Exhibit "A"

Santa Fe Energy Resources, Inc.

ABE UNIT

LEA CO., N.M.



LAND

ACRES

State

3160

Fee

40

Total

3200



Unit Outline



Tract Numbers as Listed on Exhibit "B"

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
TANNIS L. FOX

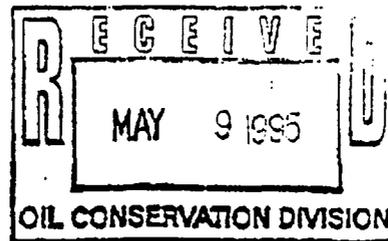
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1110 NORTH GUADALUPE
POST OFFICE BOX 2206
SANTA FE, NEW MEXICO 87504-2206
TELEPHONE: (505) 388-4442
TELECOPIER: (505) 283-6043

May 9, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505



11294

Re: Application of Santa Fe Energy Resources, Inc., for Compulsory Pooling,
Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Santa Fe Energy Resources, Inc., in the above-referenced case as well as a copy of a legal advertisement. Santa Fe Energy Resources, Inc. respectfully requests that this matter be placed on the docket for the June 1, 1995 Examiner hearings.

Very truly yours,

TANYA M. TRUJILLO

Enclosures

cc: Jim Bruce
Danita R. Walker



District I
 PO Box 1588, Hobbs, NM 88241-1588
 District II
 PO Drawer DD, Aramis, NM 88211-0719
 District III
 1000 Rio Grande Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

Energy, Minerals & Natural Resources Department

Revised February 10, 1995
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address Phillips Petroleum Company 4001 Penbrook Street Odessa, TX 797962		² OGRID Number 017643
		³ API Number 30-0
⁴ Property Code	⁵ Property Name PHILLIPS-STATE	⁶ Well Number 1

Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
N	27	21S	33E		990'	SOUTH	1980'	WEST	LEA

Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County

⁹ Proposed Pool 1 LEGG ATOKA-MORROW	¹⁰ Proposed Pool 2
--	-------------------------------

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3707'
¹⁶ Multiple NO	¹⁷ Proposed Depth 15000'	¹⁸ Formations MORROW	¹⁹ Contractor ADVISE LATER	²⁰ Spud Date 10-1-95

Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	1600'	1720 SX	SURFACE
12-1/4"	9-5/8"	40#	3400'	660 SX	SURFACE
8-1/2"	7"	26#	12000'	850 SX	4700'
5-7/8"	4-1/2"	13.5#	11700'-15000'	360 SX	11400'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zones and proposed new productive zones. Describe the blowout prevention program, if any. Use additional sheets if necessary.

USE MUD ADDITIVES AS NEEDED FOR CONTROL.
BOP - SEE ATTACHED SCHEMATIC



²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>L.M. Sanders</i>		Approved by:	
Printed name: L. M. SANDERS		Title:	
Title: REGULATION SPECIALIST		Approval Date:	Expiration Date:
Date: 5/18/95	Phone: 915/368-1488	Conditions of Approval: Attached <input type="checkbox"/>	

DISTRICT I
P.O. Box 1900, Hobbs, NM 58240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form O-100
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
PO BOX 2088, SANTA FE, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	80120	LEGG ATOKA - MORROW
Property Code	Property Name	Well Number
	PHILLIPS STATE	1
OCRID No.	Operator Name	Elevation
017643	PHILLIPS PETROLEUM COMPANY	3695

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	21 S	33 E		990	SOUTH	1980	WEST	LEA

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320 AC			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

D	C	B	A	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>L.M. Sanders</i> Signature</p> <p>L. M. Sanders Printed Name</p> <p>REGULATION SPECIALIST Title</p> <p>MAY 18, 1995 Date</p>
E	F	G	H	
				<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MAY 9, 1995 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor <i>Ronald E. Eison</i> 5-10-95 W.O. No. 95-13-0756</p> <p>Certificate No. JOHN W. WEST 676 RONALD E. EISON 1239 MARTY EISON 1264</p>
L	K	J	I	
M	N	O	P	

EXHIBIT
C-2