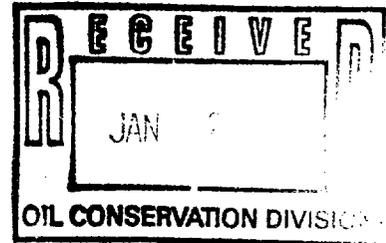


BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY  
RESOURCES, INC. FOR COMPULSORY  
POOLING AND AN UNORTHODOX GAS  
WELL LOCATION, LEA COUNTY, NEW  
MEXICO

No. \_\_\_\_\_



APPLICATION

Santa Fe Energy Resources, Inc. hereby makes application for an order pooling all mineral interests from the surface to the base of the Devonian formation underlying all of Section 29, Township 22 South, Range 34 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 said Section 29.

2. Applicant proposes to drill its Shamrock "29" Fed. Com. Well No. 1 in Section 29, at an unorthodox gas well location 1,330 feet from the North line and 1,330 feet from the East line of the Section, to a depth sufficient to test the Devonian formation (approximately 15,000 feet), and seeks to dedicate the following acreage to the well:

(a) All of Section 29 for all pools or formation spaced on 640 acres, including the undesignated North Bell Lake-Devonian Gas Pool; and

(b) The E½ of Section 29 for all pools or formations spaced on 320 acres, including the undesignated Antelope Ridge-Atoka Gas Pool.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in Section 29 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 the well or otherwise dedicate their acreage to the well. Therefore, Applicant seeks an order pooling all leasehold interest owners underlying Section 29, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.).

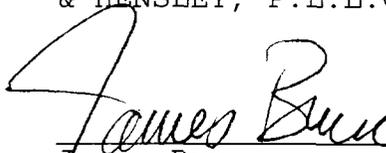
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty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

6. The pooling of all interests underlying Section 29, as described above, and the granting of the unorthodox gas 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,  
& HENSLEY, P.L.L.C., LTD., CO.

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce  
P. O. Box 2068  
Santa Fe, New Mexico 87504-2068  
(505) 982-4554

Attorneys for Santa Fe Energy  
Resources, Inc.

**PROPOSED ADVERTISEMENT**

Case 11461: Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the following described acreage in Section 29, Township 22 South, Range 34 East, N.M.P.M., and in the following manner: All of Section 29 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, including the Undesignated North Bell Lake-Devonian Gas Pool; and the E½ of Section 29 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said units are to be dedicated to Applicant's Shamrock "29" Fed Com. Well No. 1, to be drilled at an unorthodox gas well location 1,330 feet from the North line and 1,330 feet from the East line (Unit G) of the section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a charge for the risk involved in drilling said well. Said units are located approximately sixteen miles southwest of Eunice, New Mexico.

**KELLAHIN AND KELLAHIN**

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W. THOMAS KELLAHIN\*

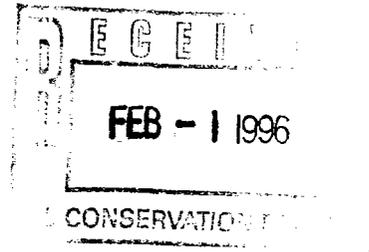
\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 1, 1996

**HAND DELIVERED**

Mr. Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505



Re: **Prehearing Statement**  
**MOTION TO DISMISS**  
NMOCD Case 11461  
Application of Santa Fe Energy  
Resources Inc. for Compulsory Pooling  
and an Unorthodox gas well location  
Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Robert E. Landreth, an adversely affected interest owner, please find enclosed our Prehearing Statement including our MOTION TO DISMISS the referenced case filed by Santa Fe Energy Resources, Inc. This case is currently set for hearing on the Examiner's Docket scheduled for February 8, 1996.

Very truly yours,

W. Thomas Kellahin

cc: Via hand delivery to:  
Jim Bruce, Esq., Attorney for applicant