

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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JUL 3 1996

NO. 11585

APPLICATION Oil Conservation Division

Santa Fe Energy Resources, Inc. hereby makes application for an order pooling all oil and gas leasehold interests from the surface to the base of the Bone Spring formation underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of said Section 8, and has the right to drill thereon.

2. Applicant proposes to drill its Tomcat "8" Fed. Well No. 1 at a location 660 feet from the South line and 467 feet from the West line, to a depth sufficient to test the Bone Spring formation (approximately 8900 feet), and seeks to dedicate the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 for all pools or formations spaced on 40 acres, including the Undesignated Sand Dunes-Bone Springs Pool and the Undesignated South Sand Dunes-Delaware Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other leasehold interest owners in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all 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 leasehold interest owners in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.).

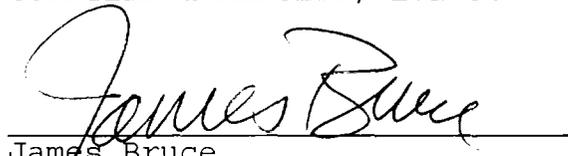
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated the operator of the well, and that the Division set a penalty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

6. The pooling of all leasehold interests underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after hearing, the Division grant the relief requested above.

Respectfully submitted,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY, L.L.P.



James Bruce  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068

Attorneys for Santa Fe Energy Resources, Inc.

PROPOSED ADVERTISEMENT

CASE 11585: Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 8, Township 23 South, Range 32 East, N.M.P.M. Applicant proposes to dedicate the unit to its Tomcat "8" Federal Well No. 1, to be drilled at an orthodox oil well location 660 feet from the South line and 467 feet from the West line (Unit M) of said Section 8 to test any and all formations to the base of the Bone Spring formation, including the Undesignated Sand Dunes-Bone Springs Pool and the Undesignated South Sand Dunes-Delaware Pool. 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 unit is located approximately 5 miles North-Northeast of the intersection of State Highway 128 and the Eddy/Lea County Line.

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JUL 5 1996

Oil Conservation Division