

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

NO. 11661

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 Morrow formation underlying the S $\frac{1}{2}$ of Section 20, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

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

2. Applicant proposes to re-enter the Federal "AE" Well No. 1, located 1650 feet from the South line and 1980 feet from the East line, to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The S $\frac{1}{2}$ of Section 20 for all pools or formations spaced on 320 acres, including the Undesignated Dublin Ranch-Atoka Gas Pool, the Undesignated Dublin Ranch-Morrow Gas Pool, and the Undesignated Otis-Morrow Gas Pool;

(b) The SE $\frac{1}{4}$ of Section 20 for all pools or formations spaced on 160 acres; and

(c) The NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 20 for all pools or formations spaced on 40 acres, including the Undesignated Indian Draw-Delaware Pool and the Undesignated Herradura Bend-Cherry Canyon Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 20 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling or re-completion of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, Applicant seeks an order pooling all mineral interest owners in the S½ of Section 20, pursuant to *N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pam.)*.

5. Applicant requests the Division to consider the cost of drilling and re-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 and re-completing the well.

6. The pooling of all mineral interests underlying the S½ of Section 20, as set forth above, 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,

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& HENSLEY, L.L.P.



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