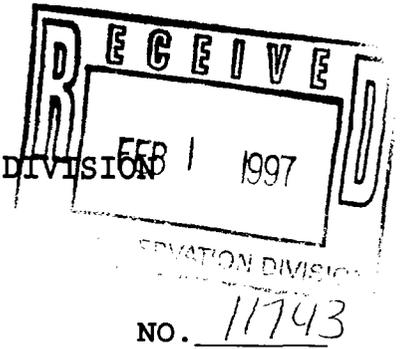


BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION



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

NO. 11743

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 N $\frac{1}{2}$ of Section 17, 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 N $\frac{1}{2}$ of said Section 17, and has the right to drill a well thereon.

2. Applicant proposes to drill its Foal "17" Fed. Well No. 1, at a location 1980 feet from the North line and 1980 feet from the East line of the section, to test the Morrow formation at an approximate depth of 12,600 feet subsurface, and seeks to dedicate the following acreage to the well:

(a) The N $\frac{1}{2}$ of Section 17 for all pools or formations spaced on 320 acres, including the Undesignated West Indian Flats-Strawn Gas Pool, Undesignated Dublin Ranch-Atoka Gas Pool, and Undesignated Dublin Ranch-Morrow Gas Pool; and

(b) The NE $\frac{1}{4}$ of Section 17 for all pools or formations spaced on 160 acres.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ of Section 17 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral 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 interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 17, pursuant to *N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.)*.

5. The pooling of all mineral interests underlying the N½ of Section 17, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- (a) Pooling all mineral interests in the N½ of Section 17, from the surface to the base of the Morrow formation;
- (b) Designating applicant as operator of the well;
- (c) Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- (d) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates per the COPAS accounting procedure;
- (e) Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- (f) Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce". The signature is written in a cursive style with a large, looping initial "J".

James Bruce
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(505) 982-2043

Attorney for Santa Fe Energy
Resources, Inc.

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