

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. 11787

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 W½ of Section 21, Township 21 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and granting an unorthodox gas well location, and in support thereof states:

1. Applicant is a working interest owner in the W½ of said Section 21, and has the right to drill a well thereon.

2. Applicant proposes to drill its Abe Unit Well No. 2, at an unorthodox gas well location 660 feet from the South line and 660 feet from the West line of the section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The W½ of Section 21 for all pools or formations spaced on 320 acres, including the Undesignated Legg Atoka-Morrow Gas Pool; and

(b) The SW¼ of Section 21 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 W½ of Section 21 for the purposes set forth herein.

4. Although Applicant has 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 W½ of Section 21, pursuant to *N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.)*.

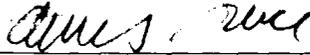
5. The pooling of all mineral interests underlying the W½ of Section 21, and the granting of the unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- (a) Pooling all mineral interests in the W½ of Section 21, as set forth above, 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,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Santa Fe Energy  
Resources, Inc.

sfe-app.fpi

PROPOSED ADVERTISEMENT

Case 11787: 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 Morrow formation underlying the following described acreage in Section 21, Township 21 South, Range 33 East, NMPM, and in the following manner: The W $\frac{1}{2}$  of Section 21 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Legg Atoka-Morrow Gas Pool; and the SW $\frac{1}{4}$  of Section 21 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent. Said unit is to be dedicated to applicant's Abe Unit Well No. 2, to be drilled at an unorthodox gas well location 660 feet from the South line and 660 feet from the West line of said Section 21. 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 and the well. Said unit is located approximately 19 miles west-southwest of Oil Center, New Mexico.

**JAMES BRUCE**  
ATTORNEY AT LAW

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May 5, 1997

**Hand Delivered**

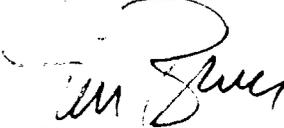
Florene Davidson  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

11787

Dear Florene:

Enclosed are an original and two copies of an application for compulsory pooling and an unorthodox well location, together with a proposed advertisement, filed on behalf of Santa Fe Energy Resources, Inc. Please set this matter for the May 29th hearing. Thank you.

Very truly yours,

  
James Bruce