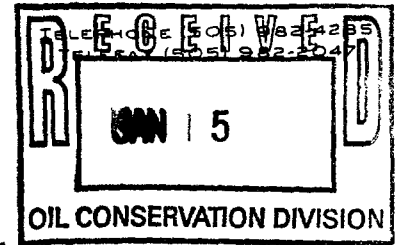


KELLAHIN AND KELLAHIN  
ATTORNEYS AT LAW  
EL PATIO BUILDING  
117 NORTH GUADALUPE  
POST OFFICE BOX 2265  
SANTA FE, NEW MEXICO 87504-2265  
January 15, 1998

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)



**HAND DELIVERED**

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

Rand L. Carroll, Esq.  
Division Attorney  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: **MOTION TO DISMISS**  
NMOCD Case 11887  
Application of Santa Fe Energy  
Resources, Inc. for Compulsory Pooling  
and a Non-Standard Unit,  
Lea County, New Mexico

Gentlemen:

On behalf of Phillips Petroleum Company, an adversely affected interest owner, please find enclosed our MOTION TO DISMISS the referenced case. This case is currently set for hearing on the Examiner's Docket scheduled for January 22, 1998.

Very truly yours,

W. Thomas Kellahin

cc: Via facsimile to:

James Bruce, Esq., Attorney for applicant  
Randy Lewicki (Phillips-Odessa)

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION                      CASE NO. 11887  
OF SANTA FE ENERGY RESOURCES, INC.  
FOR COMPULSORY POOLING AND A NON-  
STANDARD PRORATION AND SPACING UNIT  
LEA COUNTY, NEW MEXICO

**MOTION TO DISMISS**

Comes now PHILLIPS PETROLEUM COMPANY ("Phillips"), by its attorneys, Kellahin and Kellahin, hereby moves the Division to dismiss this case because the Applicant, Santa Fe Energy Resources, Inc., ("Santa Fe") Section 70-2-17(C) NMSA (1978) seeking a compulsory pooling order for a 315.22-acre gas spacing unit one-half of which is already committed to another gas spacing unit;

And in Support States:

(1) Santa Fe seeks to dedicate the W/2 equivalent of Irregular Section 1, T21S, R34E, NMPM, Lea County, New Mexico for a Morrow well it wants to drill in the SW/4 of said Section 1.

(2) Phillips controls 100% of the N/2 equivalent of Irregular Section 1 and proposes to drill a Morrow gas well in the NW/4 of said Section and dedicate the N/2 of said Section to its well.

(3) Phillips has obtained from the Division an approved application for permit to drill its well (See Exhibit A attached).

(4) The W/2 equivalent of Irregular Section 1, for which Santa Fe seeks to have the Division issue a compulsory pooling order, is not available for pooling because the N/2 equivalent of Section 1 has already been consolidated on a 100% voluntarily basis and dedicated to a N/2 spacing unit for the drilling of Phillips' State "R" Well No. 1 to be located 1980 feet FNL and 1650 feet FWL of said Section 1.

WHEREFORE Phillips Petroleum Company requests that the Division Hearing Examiner grant this motion and dismiss Oil Conservation Division Case 11887 because:

- (a) Section 70-2-17 NMSA (1978) is applicable only for those instances in which a spacing unit is available and the parties in that spacing unit cannot agree to pool their interests;
- (b) In this case, the N/2 equivalent of Irregular Section 1 is already committed on a voluntarily basis for a well and therefore NW/4 cannot be made the subject of a W/2 unit compulsory pool case without violating the provisions of Section 70-2-17 NMSA (1978);

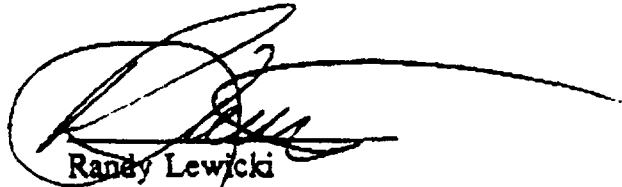


W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

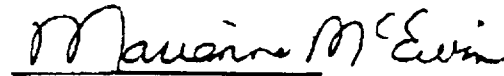
VERIFICATION

State of Texas                    )  
                  Ector                )ss.  
County of ~~Midland~~            )

Comes now Randy Lewicki, being first duly sworn, upon his oath deposes and states: That he is a Petroleum Landman for Phillips Petroleum Company, Odessa, Texas, that he has read the foregoing pleadings and know the contents thereof, and that the same is true and correct of this own knowledge, information and belief.

  
Randy Lewicki

SUBSCRIBED AND SWORN to before me by Randy Lewicki, who personally appeared before me this 15th day of January, 1998.

  
Notary Public

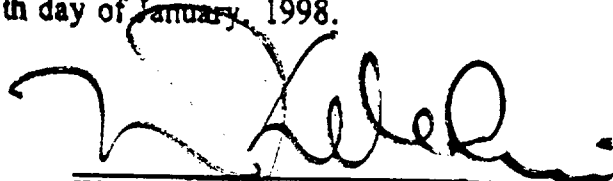
My Commission Expires: 1-16-99

Seal



CERTIFICATE OF SERVICE

I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 15th day of January, 1998.

  
W. Thomas Keilahin

District I  
PO Box 1900, Hobbs, NM 88241-1900  
District II  
811 E. 1st Street, Artesia, NM 88210-2834  
District III  
1020 1/2 Street Rd., Artesia, NM 87410  
District IV  
2048 South Pueblo, Santa Fe, NM 87505

OIL CONSERVATION DIVISION  
2040 South Pueblo  
Santa Fe, NM 87505

Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, FLUGBACK, OR ADD A ZONE

1 Operator name and Address Phillips Petroleum Company 4001 Parkbrook Street Ogden, TX 79762		2 OGSID Number 017863
3 Property Code		4 APT Number 30-0
5 Property Name STATE "X"		6 Well No. 1

UL or lot no.	Section	Township	Range	Lot. Mn	Feet from the	North/South Line	Feet from the	East/West line	County
6	1	21-S	24-E		1880'	NORTH	1680'	WEST	LEA

Proposed Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot. Mn	Feet from the	North/South Line	Feet from the	East/West line	County
7 Proposed Well 1					8 Proposed Well 2				
OSUD WEST (HOBBS) (482240)									

9 Work Type Code N	10 Well Type Code G	11 Casing/Rotary R	12 Lease Type Code S	13 Ground Level Elevation 3,872'
14 Multiple N	15 Proposed Depth 13,600'	16 Direction NORTH	17 Contractor UNION	18 Start Date EST. MARCH 1998

21 Proposed Casing and Cement Program

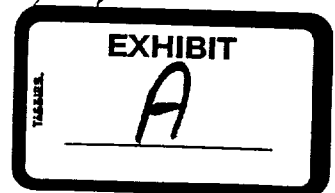
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Amount of Cement	Estimated TOC
12-1/2"	13-3/8"	54.54	1800'	800	SURFACE
11"	8-5/8"	38	8500'	1400	SURFACE
7-7/8"	5-1/2"	176.8.285	13,600'	800	9000'

22 Describe the proposed program. If this application is to DEEPEN or FLUG BACK give the data on the present production zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

B.O.P. SCHEMATIC ATTACHED

*Expense in one year if drilling not started.*

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.	OIL CONSERVATION DIVISION	
Signature: <i>Celeste G. Dale</i>	Approved by: <i>Chris Williams</i>	
Printed name: CELESTE G. DALE	Title: <i>District Supervisor</i>	
Title: REGULATORY/PORATION ANALYST	Approval Date: 1/15/98	Expiration Date: 1/15/99



DISTRICT I

P.O. Box 1000, Santa Fe, NM 87504-1000

DISTRICT II

P.O. Drawer 80, Artesia, NM 88211-0080

DISTRICT III

1000 El Estero Rd., Artesia, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	82240	Osudo West (Morrow)
Property Code	Property Name	Well Number
	STATE "R"	1
OSRD No.	Operator Name	Elevation
017643	PHILLIPS PETROLEUM COMPANY	3572

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
6	1	21 S	34 E		1980	NORTH	1650	WEST	LEA

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
310.08			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

SCALE: 1" = 2000'

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Celeste G. Dale*  
Signature

Celeste G. Dale  
Printed Name

Regulatory/Proration  
Title Analyst

01/14/98  
Date

---

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JANUARY 6, 1998

Date Surveyed JLP

Signature *Donald E. Goson*  
Professional Surveyor

**NEW MEXICO**

*Donald E. Goson*  
01-09-98

P.O. Num. 87-162112

Certificate No. 875  
JACKSON WEST  
DONALD E. GOSON, 3239