

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. FOR
COMPULSORY POOLING AND TO SHUT-
IN A PRODUCING WELL, EDDY
COUNTY, NEW MEXICO.

No. 10871

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APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Pool ("the Pool") underlying the $W\frac{1}{2}$ of Section 10, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and to shut-in an offsetting well, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the $W\frac{1}{2}$ of said Section 10.

2. Applicant proposes to drill a well in the $W\frac{1}{2}$ of Section 10, at an orthodox location 990 feet from the South and West lines of the Section, to a depth sufficient to test the Pool, and seeks to dedicate the $W\frac{1}{2}$ of Section 10 for all pools or formations spaced on 320 acres, including the South Dagger Draw-Upper Pennsylvanian Associated Pool.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the $W\frac{1}{2}$ of Section 10 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral or 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 mineral and leasehold interest owners underlying the $W\frac{1}{2}$ of Section 10, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

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 as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

6. Yates Petroleum Corporation (Yates) is the operator of the Judith "AIJ" Fed. Well No. 1, located 660 feet from the South and East lines of Section 9, Township 20 South, Range 24 East, N.M.P.M., which is a gas well producing from the Pool.

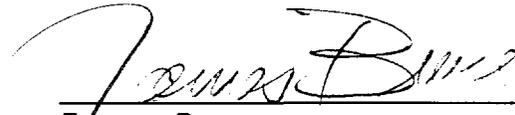
7. Applicant's acreage in Section 10 is suffering drainage from the Yates well, and despite demand Yates has failed to offset said well. To protect correlative rights, Applicant requests the Division to enter its order shutting-in said well until Applicant's proposed well can be drilled and completed in the $SW\frac{1}{4}$ of Section 10.

8. The pooling of all interests underlying the $W\frac{1}{2}$ of Section 10, as described above, and an order shutting-in the Yates well temporarily, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

PROPOSED ADVERTISEMENT

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and to shut-in a producing well, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the $W\frac{1}{2}$ of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the South Dagger Draw-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said $W\frac{1}{2}$ proration unit. 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. Applicant also requests that the existing Yates Petroleum Corporation Judith "AIJ" Fed. No. 1 Well, located 660 feet from the South and East lines of Section 9, Township 20 North, Range 24 East, N.M.P.M., be shut-in pending the drilling and completion of applicant's proposed well. Said unit is located approximately _____.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. FOR
COMPULSORY POOLING, TO SHUT-IN
A PRODUCING WELL, AND FOR A NON-
STANDARD SPACING AND PRORATION
UNIT, EDDY COUNTY, NEW MEXICO.

No. 10,871

FIRST AMENDED APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for a compulsory pooling order, to shut-in a producing well, and for a non-standard spacing and proration unit for a proposed well, and in support thereof states:

COUNT I - POOLING

1. Applicant owns 50% of the working interest in the $W\frac{1}{2}$ of Section 10, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. The remaining 50% working interest is owned by Yates Petroleum Corporation (Yates) and related entities.

2. Applicant proposes to drill a well in the $W\frac{1}{2}$ of Section 10, at an orthodox location 990 feet from the South and West lines of the Section, to a depth sufficient to test the South Dagger Draw-Upper Pennsylvanian Associated Pool (the Pool), and seeks to dedicate the $W\frac{1}{2}$ of Section 10 for all pools or formations spaced on 320 acres, including the Pool.

3. Applicant has in good faith sought voluntary joinder in the proposed well of all other leasehold interest owners in the $W\frac{1}{2}$ of Section 10.

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 leasehold interest owners underlying the W½ of Section 10, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

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 as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

COUNT II - SHUTTING-IN A PRODUCING WELL

6. Yates is the operator of the Judith "AIJ" Fed. Well No. 1, located 660 feet from the South and East lines of Section 9, Township 20 South, Range 24 East, N.M.P.M., which is a gas well producing from the Pool. Yates and related entities own 100% of the working interest in said well.

7. Applicant's acreage in the W½ of Section 10 is suffering drainage from the Judith Well, and despite demand Yates has failed to offset the Judith Well. To protect correlative rights, Applicant requests the Division enter its order shutting-in the Judith Well until Applicant's proposed well can be drilled and completed in the SW¼ of Section 10.

COUNT III - NON-STANDARD UNIT

8. Yates is the operator of the SE $\frac{1}{4}$ of Section 10, Township 20 South, Range 24 East, N.M.P.M., pursuant to an operating agreement entered into between applicant (owner of 2/3 of the working interest) and Yates (owner of 1/3 of the working interest).

9. Yates has proposed the Ocotillo "ACI" Fed. Com. No. 2 Well in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 10, to be drilled to a depth sufficient to test the Pool. Yates proposes a S $\frac{1}{2}$ unit for said well.

10. A well in the SE $\frac{1}{4}$ of Section 10, with a S $\frac{1}{2}$ unit, will not adequately protect the correlative rights of Applicant in the W $\frac{1}{2}$ of Section 10 from the drainage occurring from the Judith Well.

11. In order to protect Applicant's correlative rights, applicant requests that Yates' Ocotillo Well be granted a non-standard spacing and proration unit of 160 acres for the Pool, consisting of the SE $\frac{1}{4}$ of Section 10.

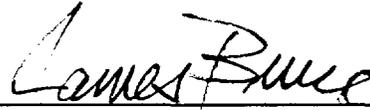
12. Development of this portion of the Pool has been on effective 40 acre spacing, and thus correlative rights of offset operators and interest owners will not be impaired by the non-standard unit.

The pooling of all interests underlying the W $\frac{1}{2}$ of Section 10, an order shutting-in the Yates Judith Well temporarily, and the granting of a non-standard unit consisting of the SE $\frac{1}{4}$ of Section 10 for the Yates Ocotillo Well, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

PROPOSED ADVERTISEMENT

Case No. 10,871: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, to shut-in a producing well, and for a non-standard spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the $W\frac{1}{2}$ of Section 10, Township 20 South, Range 24 East, N.M.P.M., forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the South Dagger Draw-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said $W\frac{1}{2}$ proration unit. 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. Applicant also requests that the existing Yates Petroleum Corporation Judith "AIJ" Fed. No. 1 Well, located 660 feet from the South and East lines of Section 9, Township 20 North, Range 24 East, N.M.P.M., be shut-in pending the drilling and completion of applicant's proposed well. Further, applicant requests approval for a non-standard spacing and proration unit in the South Dagger Draw-Upper Pennsylvanian Associated Pool for the

proposed Ocotillo "ACI" Fed. Com. No. 2 Well to be located at a standard location in the SE $\frac{1}{4}$ of Section 10, Township 20 South, Range 24 East, N.M.P.M. Said area is located approximately

CASE 10864: (Continued from November 4, 1993, Examiner Hearing.)

Application of Texaco Exploration and Production Inc. for nine lease line injection wells, Rhodes Yates Waterflood, Lea County, New Mexico. Applicant seeks authority to drill the following nine lease line injection wells in its Rhodes Yates Cooperative Waterflood for injection into the Yates and Seven Rivers formations, Rhodes Yates-Seven Rivers Pool, in the following wells in Township 26 South, Range 37 East:

Rhodes NCT Coop Fed. Com-1 No. 1, to be located 1572 feet FSL, 2375 feet FEL of Section 27;
Rhodes NCT Coop Fed. Com-1 No. 2, to be located 2310 feet FNL and FEL of Section 27;
Rhodes NCT Coop Fed. Com-1 No. 3, to be located 1155 feet FNL, 2376 feet FEL of Section 27;
Rhodes Yates Coop Fed. Com-2 No. 1, to be located 2551 feet FNL, 44 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-3 No. 1, to be located 1360 feet FSL, 50 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-4 No. 1, to be located 1430 feet FSL, 10 feet FEL of Section 21;
Rhodes Yates Coop Fed. Com-5 No. 1, to be located 130 feet FNL, 10 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-4 No. 2, to be located 130 feet FNL, 1310 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-6 No. 1, to be located 130 feet FNL, 2588 feet FWL of Section 27.

This project is located approximately 6 miles south by southeast of Jal, New Mexico.

CASE 10871: **Application of Santa Fe Energy Partners, L.P. for compulsory pooling and to shut-in a producing well, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the South Dagger Draw-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. 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 the operator of the well, and a charge for risk involved in drilling said well. Applicant also requests that the existing Yates Petroleum Corporation Judith "AJJ" Fed. Well No. 1, located 660 feet from the South and East lines of Section 9, Township 20 South, Range 24 East, be shut-in pending the drilling and completion of applicant's proposed well. Said unit is located approximately 2.5 miles west of Seven Rivers, New Mexico.

CASE 10839: (Continued from October 7, 1993, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J of said E/2 proration unit, 2050 feet from the South line and 1800 feet from the East line of said Section 28. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10840: (Continued from October 7, 1993, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 4, to be drilled at an orthodox location within Unit K of said W/2 proration unit, 1980 feet from the South and West lines of said Section 28. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

NOTICE:

The Gas Proration Hearing To Determine Gas Allowables For April 1994 Through September 1994 Will Be Heard Before The Oil Conservation Commission On March 10, 1994.

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 10, 1994

**9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey and Gary Carlson**

CASE 10907: In the matter of the hearing called by the Oil Conservation Division to amend Rules 1111, 1112, and 1115 of its General Rules and Regulations. The Oil Conservation Division seeks to amend its General Rules and Regulations to provide for the filing of Forms C-111, C-112, and C-115, respectively, on the last business day of the month following the month of production and to provide for the imposition of penalties for failure to file timely and accurate reports.

CASE 10771: (De Novo - Continued from January 13, 1994, Commission Hearing.)

Application of OXY USA Inc. to authorize the expansion of a portion of its Skelly Penrose "B" Unit Waterflood Project and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Skelly Penrose "B" Unit Waterflood Project in Sections 4, 5, and 8 of Township 23 South, Range 37 East, Queen (Penrose) formation of the Langlie Mattix Seven Rivers-Queen-Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five spot injection patterns. Said project area is located approximately 6 miles south of Eunice, New Mexico. Upon application of OXY USA Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10871: (De Novo)

Application of Santa Fe Energy Partners, L.P. for compulsory pooling and to shut-in a producing well, and for a non-standard spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the South Dagger Draw-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. 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 the operator of the well, and a charge for risk involved in drilling said well. Applicant also requests that the existing Yates Petroleum Corporation Judith "AJ" Fed. Well No. 1, located 660 feet from the South and East lines of Section 9, Township 20 South, Range 24 East, be shut-in pending the drilling and completion of applicant's proposed well. Further, applicant requests approval for a non-standard spacing and proration unit in the South Dagger Draw-Upper Pennsylvanian Associated Pool for the proposed Ocotillo "ACI" Fed. Com Well No. 2 to be located at a standard location in the SE/4 of Section 10, Township 20 South, Range 24 East. Said area is located approximately 2 miles west of Seven Rivers, New Mexico. Upon application of Santa Fe Operating Partners, L.P., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10823: (De Novo - Continued from January 13, 1994, Commission Hearing.)

Application of Nearburg Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation, underlying the W/2 of Section 10, Township 22 South, Range 24 East, forming a standard 320-acre oil and gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Indian Basin-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles west of Carlsbad, New Mexico. Upon application of Nearburg Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10772: (De Novo - Continued from January 13, 1994, Commission Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine. Upon application of Barber Oil Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10905: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface down through and including the Canyon formation underlying the SE/4 of Section 29, Township 19 South, Range 25 East. Said unit is to be dedicated to a well to be drilled at a standard location in the SE/4 of said Section 29 to test any and all formations to the base of the Canyon formation. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8 miles west of Lakewood, New Mexico.

CASE 10906: Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 29, Township 19 South, Range 25 East, Eddy County, New Mexico, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Boyd "X" State Well No. 3 to be drilled and completed at a standard well location. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 8 miles west of Lakewood, New Mexico.

CASE 10882: (Continued from January 6, 1994, Examiner Hearing.)

Application of James C. Brown, Trustee, and Bayshore Production Co., Limited Partnership, to vacate and void Division Administrative Orders NSP-1632(L)(SD) and NSP-1633(L), Lea County, New Mexico. Applicants seeks approval of an order from the Division vacating and voiding Administrative Order NSP-1633(L) covering the N/2 N/2 (equivalent) and Administrative Order NSP-1632(L) (SD) covering the S/2 N/2 (equivalent) of Section 7, Township 23 South, Range 37 East, Jalmat Gas Pool. The said units are located approximately 8 miles south-southwest of Eunice, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 10, 1994
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Gary Carlson

CASE 10933: The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining April 1994 through September 1994 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba and Sandoval Counties in Northwest New Mexico. Commission Order No. R-8170-H dated December 1990 provides for allowables to be established for 6-month allocation periods beginning in April and October of each year. Preliminary allowable estimates for the April-September period are being distributed with OCD Memorandum dated February 18, 1994.

CASE 10907: (Continued from February 10, 1994, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division to amend Rules 1111, 1112, and 1115 of its General Rules and Regulations. The Oil Conservation Division seeks to amend its General Rules and Regulations to provide for the filing of Forms C-111, C-112, and C-115, respectively, on the last business day of the month following the month of production and to provide for the imposition of penalties for failure to file timely and accurate reports.

CASE 10345: (De Novo - Continued from January 13, 1994, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (De Novo - Continued from January 13, 1994, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10887: (De Novo - Continued from February 10, 1994, Commission Hearing.)

Application of Kaiser-Francis Oil Company for directional drilling, Eddy County, New Mexico. Applicant seeks to test and develop the Undesignated Los Medanos-Delaware and/or Undesignated West Sand Dunes-Delaware Pools underlying the NE/4 of Section 20 and the W/2 NE/4 and NW/4 of Section 21, Township 23 South, Range 31 East, by drilling directional into the ten 40-acre standard oil well spacing and proration units comprising said area from ten various surface locations around its periphery in Sections 16, 17, 20 and 21. Said area is located approximately 5.5 miles northwest of the Lea/Eddy County line on State Highway No. 128. Upon application of Santa Fe Energy Operating Partners, L.P., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10871: (De Novo)

Application of Santa Fe Energy Partners, L.P. for compulsory pooling and to shut-in a producing well, and for a non-standard spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the South Dagger Draw-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. 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 the operator of the well, and a charge for risk involved in drilling said well. Applicant also requests that the existing Yates Petroleum Corporation Judith "AJ" Fed. Well No. 1, located 660 feet from the South and East lines of Section 9, Township 20 South, Range 24 East, be shut-in pending the drilling and completion of applicant's proposed well. Further, applicant requests approval for a non-standard spacing and proration unit in the South Dagger Draw-Upper Pennsylvanian Associated Pool for the proposed Ocotillo "ACI" Fed. Com Well No. 2 to be located at a standard location in the SE/4 of Section 10, Township 20 South, Range 24 East. Said area is located approximately 2 miles west of Seven Rivers, New Mexico. Upon application of Santa Fe Operating Partners, L.P., this case will be heard De Novo pursuant to the provisions of Rule 1220.