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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION ~~CONSERVATION DIVISION~~

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P., FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

Case No. 9564

APPLICATION

Santa Fe Energy Operating Partners, L.P., hereby makes application for an order pooling all interests from the surface to the base of the Bone Spring formation in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 14, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 14.

2. Applicant proposes to drill its Shinnery Federal 14 Well No. 3 in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 14, at a standard location, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 14 to the well.

3. Applicant has in good faith sought to join all other mineral interest owners in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 14 for the purposes set forth herein.

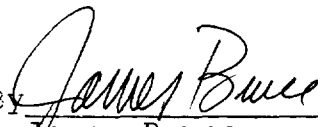
4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners

have refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral interest owners underlying the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 14, from the surface to the base of the Bone Spring formation 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. The pooling of all interests underlying the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 14 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

HINKLE, COX, EATON, COFFIELD &  
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