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November 7, 1989

Mr. William LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

RECEIVED

NOV - 7 1989

Re: Application of Exxon Company, USA
for Compulsory Pooling and Unorthodox
Gas Well Location, Eddy County, New Mexico

OIL CONSERVATION DIVISION

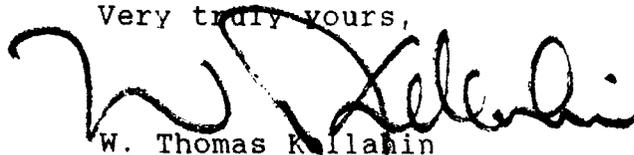
Case 9832

Dear Mr. LeMay:

On behalf of Exxon Company, USA please find enclosed our Application for Compulsory Pooling which we would request be set for hearing on the next available Examiner's docket now scheduled for November 29, 1989.

By copy of this letter to all parties to be pooled and offsetting operators, we are notifying them by certified mail, return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. In addition, they are advised that the entry of a Compulsory Pooling Order will affect their rights to share in the production from the subject well.

Very truly yours,



W. Thomas Kellahin

WTK/tic
Encl.

xc: Mr. William T. Duncan
Exxon Company, USA
Post Office Box 1600
Midland, Texas 79709

Certified Mail Return-Receipt

All parties listed on Exhibit "A" and "B"
of the Application, w/encl.

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

RECEIVED

NOV - 7 1958

IN THE MATTER OF THE APPLICATION OF
EXXON COMPANY, USA FOR COMPULSORY
POOLING AND UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

CASE NO. 9832

A P P L I C A T I O N

COMES NOW, EXXON COMPANY, USA, by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest as follows: From the top of Wolfcamp Formation to base of the Morrow Formation, underlying the E/2 of Section 20, T23S, R25E, Eddy County, New Mexico.

Applicant further seeks to have Santa Fe Energy Operating Partners, L.P., designated as operator for a well to be drilled at an unorthodox well location in the NE/4 of said Section.

Applicant further seeks approval of an unorthodox gas well location 600 feet FNL and 660 feet FEL of said Section 20, T23S, R25E, NMPM, and in support thereof would show:

1. The working interest owners in Section 20, T23S, R25E are as follows:

(1) Santa Fe Energy Operating
Partners L.P. (NW/4 NE/4)

40 acres

(2) Exxon Company, USA (all of N/2
except NW/4 NE/4) 280 acres

(3) Amoco Production Company
(all of S/2) 320 acres

2. Applicant desires to have Santa Fe Operating Partners L.P. designated operator for a well to be drilled at an unorthodox location in NE/4 of Section 20.

3. Applicant has sought a voluntary agreement with all those parties shown on Exhibit "A" for the formation of appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a voluntary agreement.

4. The proposed unorthodox location is the optimum location in the E/2 of Section 20 at which to drill the subject well. The offset operators towards whom the well encroaches are set forth on Exhibit B.

5. Pursuant to the Division notice requirements, applicant has notified all those parties shown on Exhibits "A" and "B" of this Application for compulsory pooling and an unorthodox location and the Applicant's request for a hearing before the Division to be set on November 29, 1989.

6. In order to obtain its just and equitable share of the potential production underlying the above tract. Applicant needs an order pooling the mineral interest

involved in order to protect Applicant's correlative rights and prevent waste.

WHEREFORE, Applicant prays that this Application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order approving the pooling the mineral interest described herein. Applicant further prays that Santa Fe Energy Operators L.P. be named operator of the well, and that the order make provisions for Santa Fe Energy Operators L.P. to recover out of production its costs of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in an amount to be determined at the hearing for the drilling and completing of the well at an unorthodox well location, for such other and further relief as may be proper.

Respectfully submitted,

By:



W. Thomas Kellahin

Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

EXHIBIT "A"

WORKING INTEREST OWNERS IN SPACING UNIT

Exxon Company, USA P.O. Box 1600 Midland, Texas 79702-1600	37.5%
Amoco Production Company Regulatory Affairs Section Room 3.338 P.O. Box 3092 Houston, Texas 77253 Attn: Dan Currens	50%
Santa Fe Energy Operating Partners L.P. 500 W. Illinois, Suite 300 Midland, Texas 78701 Attn: Patrick J. Tower	12.5%

EXHIBIT "B"

OFFSET OPERATORS

Exxon Company, USA
P.O. Box 1600
Midland, Texas 79702

Santa Fe Energy Operating Partners, L.P.
500 W. Illinois, Suite 300
Midland, Texas 78701

Siete Oil & Gas Corp.
P.O. Box 2523
Roswell, New Mexico 88202