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December 29, 1989

Ms. Florene Davidson  
New Mexico Oil Conservation  
Division  
State Land Office Building  
310 Old Santa Fe Trail  
Room 206  
Santa Fe, New Mexico 87501

Dear Florene:

Enclosed for filing are an original and two copies of an Application for Compulsory Pooling on behalf of Santa Fe Energy Operating Partners, L.P. Please set this matter for the January 24, 1990 Examiner Hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

*James Bruce*  
By: James Bruce

JB:le  
Enclosures

9892

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 9852

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 Morrow formation in the S $\frac{1}{2}$  of Section 24, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the S $\frac{1}{2}$  of said Section 24.

2. Applicant proposes to drill its Lone Tree Fed. Com. 24 No. 1 Well in the S $\frac{1}{2}$  of Section 24, at a location 1980 feet from the West line and 660 feet from the South line, to a depth sufficient to test the Morrow formation (approximately 11,950 feet), and seeks to dedicate the following acreage to the well:

(a) The SE $\frac{1}{4}$ SW $\frac{1}{4}$  Section 24 for all pools or formations spaced on 40 acres;

(b) The E $\frac{1}{2}$ SW $\frac{1}{4}$  Section 24 for all pools or formations spaced on 80 acres;

(c) The SW $\frac{1}{4}$  Section 24 for all pools or formations spaced on 160 acres; and

(d) The S $\frac{1}{2}$  Section 24 for all pools or formations spaced on 320 acres.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the S $\frac{1}{2}$  of Section 24 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 refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral and leasehold interest owners underlying the S $\frac{1}{2}$  of Section 24, 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 S $\frac{1}{2}$  of Section 24, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the January 24, 1990 Examiner hearing.

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