

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
FRANKLIN H. MCCALLUM*
GREGORY J. NIBERT

DAVID T. MARLETTE*
MARK C. DOW
KAREN M. RICHARDSON*
FRED W. SCHWENDIMANN
JAMES M. HUDSON
RAYMOND HAMILTON
STANLEY K. KOTOVSKY
BETTY H. LITTLE*
JEFFREY S. BAIRD*
RUTH S. MUSGRAVE
HOWARD R. THOMAS
PATRICIA A. WATTS
NANCY AUGUSTUS
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
PAUL R. NEWTON
WILLIAM R. JOHNSON
ELLEN S. CASEY
S. BARRY PAISNER
MARGARET CARTER LUDWIG
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JERRY D. WORSHAM II
JOHN R. KULSETH, JR.
TONY CONNERS*

ATTORNEYS AT LAW
218 MONTEZUMA
POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

May 30, 1990

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121
(505) 768-1500
FAX (505) 768-1529

*NOT LICENSED IN NEW MEXICO

Florene Davidson
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

HAND DELIVERED


Dear Florene:

Enclosed for filing are an original and two (2) copies of an application for compulsory pooling, on behalf of Santa Fe Energy Operating Partners, L.P. Please set this matter for the June 27, 1990 Examiner hearing.

Thank you.

Sincerely,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JGB:jr
Enclosure

10001
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MAY 30 1990

OIL CONSERVATION DIV.
SANTA FE

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MAY 30 1990

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.
SANTA FE

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

No. 10001

APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an order pooling all interests from 5000 feet below the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$ of Section 20, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the E $\frac{1}{2}$ of said Section 20, from 5000 feet below the surface to the base of the Morrow formation.

2. Applicant proposes to drill its Muskegan St. Com. Well No. 1 in the E $\frac{1}{2}$ of Section 20, at an orthodox location 1980 feet from the North line and 660 feet from the East line of the Section, to a depth sufficient to test the Morrow formation (approximately 10,900 feet), and seeks to dedicate to the well the E $\frac{1}{2}$ of Section 20, from 5000 feet below the surface to the base of the Morrow formation, 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 E $\frac{1}{2}$ of Section 20 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 E½ of Section 20 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 E½ of Section 20, 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 June 27, 1990 Examiner hearing.

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

Dated: May 30, 1990.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By James Bruce
James Bruce
500 Marquette, N. W., Suite 800
Albuquerque, New Mexico 87102
(505) 768-1500

Attorneys for Applicant