

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, a non-standard gas proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow Formation and any and all other formations and/or pools developed on 320-acre spacing, underlying Lots 4 through 7 and the SE/4 (S/2 equivalent) of Irregular Section 12, Township 22 South, Range 25 East. Applicant also seeks the approval of a non-standard 332.74-acre gas spacing and proration unit comprised of said land, which unit is to be dedicated to a well to be drilled at an unorthodox gas well location 1680 feet from the South line and 330 feet from the West line of said Section 12. The unorthodox location is necessary because of topographical problems (steep incline of surface location). Also, the BLM will not approve a standard location. The unorthodox location is also necessary due to geologic considerations. The non-standard proration is necessary due to the oversized lots within Section 12.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

	WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
1.	Vernon Dyer - Land	10 Minutes	Ownership Map
2.	Robert Seiler - Geology	10 Minutes	Geologic Map

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

Signature