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TONY CONNERS*

July 25, 1990

15041

*NOT LICENSED IN NEW MEXICO

HAND DELIVERED

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

Dear Florene:

Enclosed are an original and two (2) copies of a compulsory pooling application filed on behalf of Santa Fe Energy Operating Partners, L.P.

Sincerely,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

James Bruce
James Bruce

JB:jr
Enclosure

RECEIVED

JUL 25 1990

OIL CONSERVATION DIV.
SANTA FE

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

RECEIVED

No. 10049

JUL 25 1990

APPLICATION OIL CONSERVATION DIV.
SANTA FE

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 underlying the S $\frac{1}{2}$ of Section 4, Township 23 South, Range 31 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 S $\frac{1}{2}$ of said Section 4.

2. Applicant proposes to drill its PG Fed. 4 Well No. 1 in the S $\frac{1}{2}$ of Section 4, at an orthodox location 1980 feet from the West line and 660 feet from the South line of the Section, to a depth sufficient to test the Morrow formation (approximately 14,850 feet), and seeks to dedicate the following acreage to the well:

(a) The S $\frac{1}{2}$ of Section 4 for all pools or formations spaced on 320 acres;

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

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

(d) The SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 4 for all pools or formations spaced on 40 acres.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the S½ of Section 4 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 S½ of Section 4, as described above, 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 S½ of Section 4, 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 August 22, 1990 Examiner hearing.

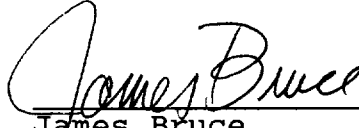
WHEREFORE, Applicant requests that the Division grant the relief requested above.

Dated: July 25, 1990.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
500 Marquette, N. W., Suite 800
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(505) 768-1500

Attorneys for Applicant