

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE
ENERGY COMPANY FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

NO. 8820

APPLICATION

Santa Fe Energy Company applies for an Order pooling all interests in the formations specified below underlying the W $\frac{1}{2}$ of Section 24, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the working interest owner of certain interests in the W $\frac{1}{2}$ of Section 24, Township 22 South, Range 27 East, Eddy County, New Mexico.

2. Applicant proposes to drill its Johnson No. 1 Well in the W $\frac{1}{2}$ of Section 24, at an orthodox location.

3. Applicant desires to drill its well to an approximate depth of 12,250 feet to test the following formations:

- (a) The Wolfcamp formation;
- (b) The Strawn formation;
- (c) The Atoka formation; and
- (d) The Morrow formation.

The W $\frac{1}{2}$ of Section 24 is to be dedicated to the well.

4. Applicant has in good faith sought to join all other mineral interest owners in the W $\frac{1}{2}$ of Section 24 for the purposes set forth herein.

5. Although Applicant attempted to obtain voluntary agreements from all mineral 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 interest owners in the specified formations underlying the W $\frac{1}{2}$ of Section 24, pursuant to N.M. Stat. Ann. § 70-2-17 (1978).

6. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty for the risk involved in drilling the well.

7. The pooling of all interests in the above specified formations underlying the W $\frac{1}{2}$ of Section 24 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.



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DATED: January 14, 1986

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY
COMPANY TO REOPEN CASE NO. 8820
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

No. 8820

APPLICATION

Santa Fe Energy Company applies for an Order reopening Case No. 8820 for the purpose of pooling a certain mineral interest in the formations specified below underlying the W $\frac{1}{2}$ of Section 24, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the working interest owner of certain interests in the W $\frac{1}{2}$ of Section 24, Township 22 South, Range 27 East, Eddy County, New Mexico.

2. In Case No. 8820, Santa Fe Energy Company applied to the Oil Conservation Division to force pool certain mineral interests in said W $\frac{1}{2}$ of Section 24.

3. After a hearing, the Division entered its Order No. R-8195, pooling certain interest owners in the Wolfcamp, Strawn, Atoka, and Morrow formations and naming Santa Fe Energy Company as well operator. One of the interest owners pooled by said order was Spectrum 7 Energy Corporation.

4. Pursuant to Order No. R-8195, Santa Fe Energy Company has commenced drilling its Johnson No. 1 Well.

5. Subsequently, it was determined that a 20 acre mineral interest believed to be owned by Spectrum 7 Energy Corporation was in fact owned by Amoco Production Company.

6. Applicant desires to drill its Johnson No. 1 Well to an approximate depth of 12,250 feet to test the following formations:

- (a) The Wolcamp formation;
- (b) The Strawn formation;
- (c) The Atoka formation; and
- (d) The Morrow formation.

The W $\frac{1}{2}$ of Section 24 is to be dedicated to the well.

7. Applicant has in good faith sought to join Amoco Production Company in the Johnson No. 1 Well.

8. Although Applicant attempted to obtain a voluntary agreement from Amoco Production Company to participate in the drilling of the well or to otherwise commit its interest to the well, it has refused to join in dedicating its acreage. Therefore, Applicant seeks an Order pooling the interest owned by Amoco Production Company in the specified formations underlying the W $\frac{1}{2}$ of Section 24, pursuant to N.M. Stat. Ann. § 70-2-17 (1978).

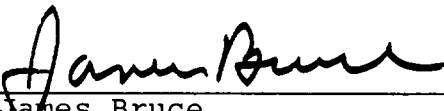
9. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty for the risk involved in drilling the well.

10. The pooling of the interest of Amoco Production Company in the above specified formations underlying the W $\frac{1}{2}$ of Section 24

will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

11. Applicant requests that this matter be heard at the July 9, 1986 examiner hearing.

HINKLE, COX, EATON,
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By 
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DATED: June 16, 1986