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June 27, 1988

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JUN 27 1988

OIL CONSERVATION DIVISION

Case 9433

Florene Davidson
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

HAND DELIVERED

Dear Florene:

Enclosed are an original and two (2) copies of an Application by Santa Fe Energy Operating Partners, L.P. for compulsory pooling. Please set this case for the July 20, 1988 Examiner hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:jr
Enclosure

RECEIVED

JUN 27 1988

OIL CONSERVATION DIVISION

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 9433

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 Bone Springs formation in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 14.

2. Applicant proposes to drill its Shinnery Federal Well No. 1 in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, at a location 660 feet from the south line and 1980 feet from the east line, to a depth of approximately 8800 feet or the base of the Bone Springs formation, and seeks to dedicate the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14 to the well.

3. Applicant has in good faith sought to join all other mineral interest owners in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14 for the purposes set forth herein.

4. 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 underlying the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

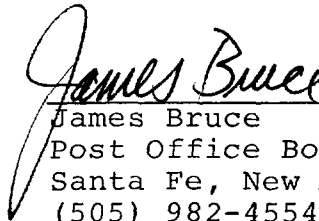
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

6. The pooling of all interests underlying the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the July 20, 1988 Examiner hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By


James Bruce

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