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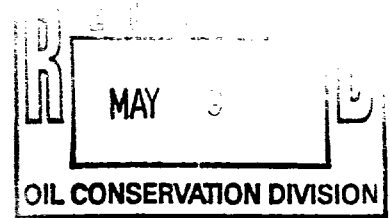
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May 9, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505



11294

**Re: Application of Santa Fe Energy Resources, Inc., for Compulsory Pooling,
Lea County, New Mexico**

Dear Mr. LeMay:

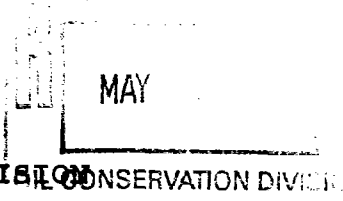
Enclosed in triplicate is the Application of Santa Fe Energy Resources, Inc., in the above-referenced case as well as a copy of a legal advertisement. Santa Fe Energy Resources, Inc. respectfully requests that this matter be placed on the docket for the June 1, 1995 Examiner hearings.

Very truly yours,

TANYA M. TRUJILLO

Enclosures

cc: Jim Bruce
Danita R. Walker



BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY RESOURCES, INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

NO. 11294

APPLICATION

Santa Fe Energy Resources, Inc., hereby makes application for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W½ of Section 27, Township 21 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the W½ of said Section 27.
2. Applicant proposes to drill a well in the W½ of Section 27, at an orthodox gas well location 1980 feet from the South line and 660 feet from the West line of the Section, to a depth sufficient to test the Morrow formation, (approximately 15000 feet), and seeks to dedicate the W½ of Section 27 for all pools or formations spaced on 320 acres (including the undesignated Legg Atoka-Morrow Gas Pool).
3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the W½ of Section 27 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 W½ of Section 27, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl. Pamp.).

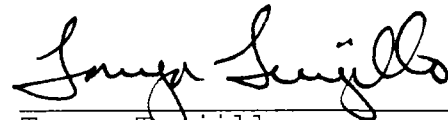
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty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

6. The pooling of all interests underlying the W½ of Section 27, as described above will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.



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