

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 11456

APPLICATION

Santa Fe Energy Resources, Inc. hereby makes application for an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 18, Township 23 South, Range 32 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 NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 18.
2. Applicant proposes to drill its Tomcat 18 Fed. Well No. 1 in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 18, at an orthodox oil well location 660 feet from the North line and 990 feet from the East line of the Section, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 18 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 NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 18 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 the well or otherwise dedicate their acreage to the well. Therefore,

Applicant seeks an order pooling all mineral and leasehold interest owners underlying the NE¹/₄NE¹/₄ of Section 18, as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.).

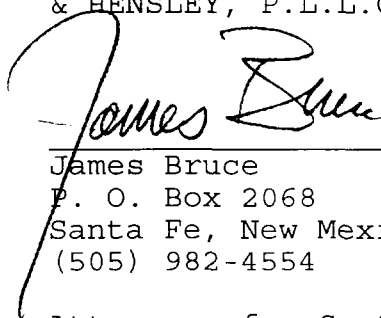
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty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

6. The pooling of all interests underlying the NE¹/₄NE¹/₄ of Section 18 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,

HINKLE, COX, EATON, COFFIELD,
& HENSLEY, P.L.L.C., LTD., CO.



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