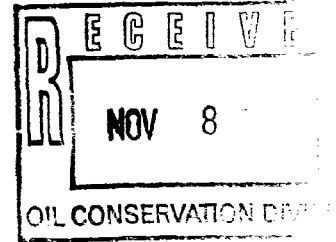


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

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

CASE NO. 11660



PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Santa Fe Energy
Resources, Inc.
Suite 1330
550 West Texas
Midland, Texas 79701
(505) 687-3551
Attn: Meg Muhlinghause

APPLICANT'S ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley, L.L.P.
P.O. Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

OPPONENT

Penwell Energy, Inc.

OPPONENT'S ATTORNEY

William F. Carr

STATEMENT OF THE CASE

APPLICANT

Applicant seeks to drill a well in the E½ §29-23S-26E, at a standard location 1980 feet FNL and 660 feet FEL, to a depth sufficient to test the Morrow formation. The primary target zone is the Strawn formation. Applicant proposes to pool the E½ §29 for all pools/formations spaced on 320 acres, and the NE¼ §29 for all pools/formations spaced on 160 acres.

There are three parties who have not agreed to join in Santa Fe's proposed well. One of those interest owners, Penwell Energy, Inc., has filed a counter-application for a well to be located 1980 feet FSL and 660 feet FEL of §29. Both applicant and Penwell request to be designated operator of the well unit.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Meg Muhlinghouse (landman)	20 min.	(a) land plat (b) correspondence (c) AFE (d) notice affidavit
Gene Davis (geologist)	15 min.	(a) structure map (b) isopach (c) production map
Darrell Roberts (engineer)	20 min.	(a) AFE's (c) well data

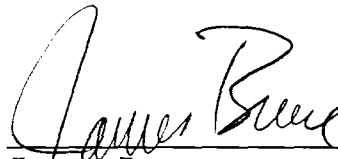
OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
------------------	------------------	-----------------

PROCEDURAL MATTERS

Applicant requests that this application be consolidated with Penwell's application for purposes of hearing.

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.




James Bruce
P.O. Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

Attorneys for Santa Fe Energy
Resources, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was sent via facsimile transmission this 18th day of November, 1996 to:

William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 983-6043



James Bruce