

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWITT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW

KAREN M. RICHARDSON*
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
KARA L. KELLOGG

BETTY H. LITTLE*
RUTH S. MUSGRAVE
ELLEN S. CASEY
S. BARRY PAISNER
MARGARET CARTER LUDEWIG
STEPHANIE M. CRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
MARGARET R. MCNETT
BRIAN T. CARTWRIGHT*
JISA K. SMITH*
JAMES KENT SCHUSTER*
ROBERT H. BETHEA*
BRADLEY W. HOWARD
CHARLES A. SUTTON*
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA CENTER
6 DESTA DRIVE
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
(505) 768-1500
FAX (505) 768-1529

*NOT LICENSED IN NEW MEXICO

VIA HAND DELIVERY

William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Re: Case No. 10,666

Dear Mr. LeMay:

Please continue the above case until the March 18, 1993 examiner hearing. Also, enclosed is an Amended Application regarding the above case. The Amended Application (1) deletes a request for 80 acre pooling, and (2) adds a request for a non-standard spacing and proration unit.

Very truly yours,

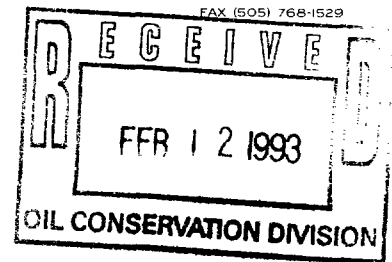
HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce
James Bruce
Attorneys for Santa Fe Energy
Operating Partners, L.P.

Enclosure

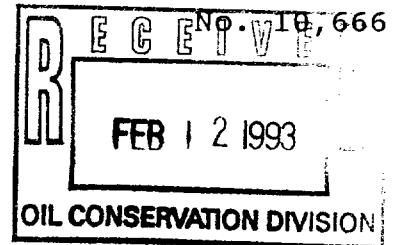
c: William F. Carr, Esq. (w/encl.)

JGB5\93351.c



BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR COMPULSORY POOLING AND A NON-STANDARD SPACING AND PRORATION UNIT, EDDY COUNTY, NEW MEXICO.



AMENDED APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$ of Section 18, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and for a non-standard 320 acre unit for Morrow production, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the E $\frac{1}{2}$ of said Section 18.

2. Applicant proposes to drill a well in the E $\frac{1}{2}$ of Section 18, at an orthodox location 1,980 feet from the South line and 660 feet from the East line of the Section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The E $\frac{1}{2}$ of Section 18 for all pools or formations spaced on 320 acres;

(b) The SE $\frac{1}{4}$ of Section 18 for all pools or formations spaced on 160 acres; and

(c) The NE $\frac{1}{4}$ SE $\frac{1}{4}$ 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 E½ 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 dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral and leasehold interest owners underlying the E½ of Section 18, as described above, 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 proposed well is within the McMillan-Morrow Gas Pool. Under Order No. R-2917, a standard spacing and proration unit for a well in said Pool is 640 acres. Pursuant to Rule 3 of the Special Rules and Regulations for said Pool, Applicant requests a non-standard spacing and proration unit comprised of the E½ of Section 18. Applicant has also requested administrative approval for the non-standard unit, but is applying for hearing in the event of a protest to the administrative application.

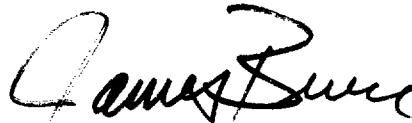
7. The pooling of all interests underlying the E $\frac{1}{2}$ of Section 18, and the granting of the non-standard unit for Morrow production, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

Dated: February 12, 1993.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant