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August 14, 1989

Ms. Florene Davidson
New Mexico Oil Conservation
Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Dear Florene:

Enclosed for filing are an original and two copies of a compulsory pooling application on behalf of Santa Fe Energy Operating Partners, L.P. Please set this matter for the September 20, 1989 Examiner Hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By: *James Bruce*
James Bruce

JB:le
Enclosures

RECEIVED

AUG 16 1989

Case 9760 OIL CONSERVATION DIV.
SANTA FE

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 9760

APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an order pooling all interests underlying the S $\frac{1}{2}$ of Section 1, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of said Section 1.

2. Applicant proposes to drill its Malaga Fed. Com. No. 1 Well in the S $\frac{1}{2}$ of Section 1, at a standard location, to a depth of approximately 12,250 feet to test the Atoka formation, and seeks to dedicate the S $\frac{1}{2}$ of Section 1 to the well.

3. Applicant has in good faith sought to join all other mineral and leasehold interest owners in the S $\frac{1}{2}$ of Section 1 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral and leasehold 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 and leasehold interest owners underlying the S½ of Section 1, 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 S½ of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the September 20, 1989 Examiner hearing.

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

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