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OIL CONSERVATION DIVISION

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY)
OPERATING PARTNERS, L.P. FOR)
COMPULSORY POOLING AND AN UNORTHODOX)
WELL LOCATION, LEA COUNTY, NEW)
MEXICO.)

Case No.

9796

APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an order approving an unorthodox well location and for an order pooling all interests from the surface to the base of the Morrow Formation underlying the E/2 of Section 22, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant has the right and proposes to drill its Amethyst 22 Fed. Com. #1 well at an unorthodox location 660 feet FNL and 660 FEL of said Section 22 to a depth sufficient to test the Morrow Formation and intends to dedicate the E/2 of Section 22 to the well.

2. Applicant has in good faith sought to join all other mineral and leasehold interest owners in the E/2 of Section 22 for the purposes set forth herein.

3. 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 from the surface to the base of the Morrow Formation underlying the E/2 of Section 22, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

4. 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.

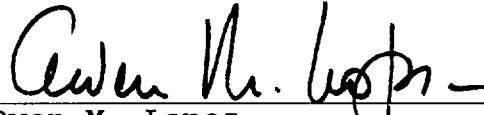
5. Applicant also seeks approval to drill its Amethyst 22 Fed. Com. #1 well at an unorthodox location ~~600~~⁶⁶⁰ feet FNL and 660 feet FEL in order to drill at the most structurally advantageous position in an area more likely to intercept the Morrow channel sands and thereby increasing the likelihood of obtaining commercial production.

6. The pooling of all interests underlying the E/2 of Section 22, together with approval of the proposed unorthodox location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the November 1, 1989 Examiner hearing.

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

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in black ink, appearing to read "Owen M. Lopez", written over a horizontal line.

Owen M. Lopez
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