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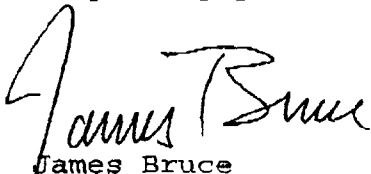
December 15, 1997

Via FaxMichael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505Re: Case 11887 (Application of Santa Fe Energy Resources,
Inc. for compulsory pooling, Lea County, New Mexico)

Dear Mr. Stogner:

Please continue the above case to the ~~January 8~~, 1998 Examiner
hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Santa Fe
Energy Resources, Inc.*12-17-97
Jim called to confirm
that this case will be continued
to Jan. 22, 1998 instead.
M.S.*

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 18, 1997**8:15 AM - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos 1-98 and 2-98 are tentatively set for January 8, 1998 and January 22, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11886: (Continued from December 4, 1997, Examiner Hearing.)

Application of Nadel and Gussman Permian, LLC. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the West Hobbs Unit Agreement for an area comprising 1,359.6 acres, more or less, of State lands in portions of Section 5, 8, and 17, all in Township 18 South, Range 37 East. Said unit area is located approximately 3.5 miles west of the Hobbs Industrial Airport.

CASE 11881: (Readvertised)

Application of Southwest Royalties, Inc. for a pressure maintenance project, Lea County, New Mexico. Applicant seeks authority to inject produced water into the Delaware formation of the Salada Draw Field for pressure maintenance through the perforated interval from approximately 5002 feet to 5023 feet in its existing Ammons Madera Well No. 1 located 1980 feet from the South line and 990 feet from the West line (Unit L) in Section 15, Township 26 South, Range 33 East. Said project is located approximately 10 miles east-northeast of the intersection of Highway 62/180 with the Eddy/Lea County line, New Mexico.

CASE 11895: **Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 NE/4 of Section 21, Township 24 South, Range 28 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including but not limited to the Undesignated North Willow Lake-Delaware Pool and the Undesignated Malaga-Bone Spring Pool. Said unit is to be dedicated to a well to be drilled at an orthodox oil well location in said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 2 miles southwest of Malaga, New Mexico.

CASE 11896: (Continued from December 4, 1997, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

CASE 11896: **Application of OXY USA, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 17, Township 17 South, Range 27 East and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 6 miles east of Artesia, New Mexico.

CASE 11897: **Application of Dugan Production Corp. for compulsory pooling and downhole commingling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all formations developed on 320-acre spacing underlying the S/2 of Section 14, Township 26 North, Range 7 West. Applicant proposes to dedicate this acreage to its Mona Lisa Well No. 2 to be drilled at a standard location 1620 feet from the South line and 1850 feet from the East line (Unit J) of said Section 14. Applicant also seeks approval to downhole commingle production from the Mesaverde formation, Blanco Mesaverde Pool, and the Dakota formation, Basin Dakota Pool, within the wellbore of said Mona Lisa Well No. 2. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said area is located approximately 17.5 miles northeast of Blanco Trading Post, New Mexico.

CASE 11898: **Application of Home-Stake Royalty Corporation for a non-standard subsurface oil producing area/oil well location, Lea County, New Mexico.** Applicant seeks an exception to Division Rule 104.C(1) for a non-standard subsurface oil producing area or drilling window [as defined by Rule 111.A(7)] within a standard 40-acre oil spacing and proration unit comprising the SW/4 NE/4 of Section 5, Township 22 South, Range 37 East, in the Undesignated Brunson-Fusselman Pool that is to be no closer than 330 feet to the south, west, and north quarter-quarter section lines of the SW/4 NE/4 of said Section 5 nor closer than 100 feet to the east quarter-quarter section line of the SW/4 NE/4 of said Section 5. Said unit is to be dedicated to its existing Republic "5" Well No. 1 (API No. 30-025-34043), located at a surface location 1650 feet from the North and East lines (Unit G) of said Section 5, which is approximately 1.5 miles west southwest of Eunice, New Mexico.

CASE 11899: **Application of Dugan Production Corp. for two non-standard spacing and proration units, Rio Arriba County, New Mexico.** Applicant seeks approval of two non-standard gas proration units in the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool to be comprised of the SE/4 of Section 14, Township 26 North, Range 7 West. Applicant dedicates each of these non-standard spacing and proration units to its Mona Lisa Well No. 2 to be drilled at a standard location 1620 feet from the South line and 1850 feet from the East line (Unit J) of said Section 14. Said area is located approximately 13 miles northeast of Nageezi, New Mexico.

CASE 11891: **(Continued from December 4, 1997, Examiner Hearing.)**

Application of Cobra Oil & Gas Corporation for a unit agreement and an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval of the Henard Unit Agreement for an area comprising 80 acres, more or less, of fee lands comprising the SW/4 SE/4 (Unit O) of Section 23 and the NW/4 NE/4 (Unit B) of Section 26, both in Township 11 South, Range 37 East, which is located approximately 6 miles north of Gladiola, New Mexico. Applicant further seeks approval to drill the Unit's initial well to the Undesignated Gladiola-Devonian Pool at an unorthodox oil well location 250 feet from the North line and 2300 feet from the East line (Unit B) of said Section 26. The NW/4 NE/4 of said Section 26 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit for said pool.

CASE 11900: **Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico.** Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

CASE 11865: **((Continued from December 4, 1997, Examiner Hearing.))**

Application of Thompson Engineering & Production Corp. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks authorization to drill its Blancett Well No. 2R at an unorthodox "off pattern" coal gas location in the Basin-Fruitland Coal Gas Pool 790 feet from the South line and 830 feet from the East line (Unit P) of Section 13, Township 30 North, Range 12 West. Applicant also seeks authority to downhole commingle production from the Pictured Cliffs formation, Aztec-Pictured Cliffs Gas Pool, and the Fruitland formation, Basin-Fruitland Coal Gas Pool within the wellbore of said well. The E/2 of said Section 13 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 2 miles southeast of Aztec, New Mexico.

JAMES BRUCE
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DEC - 2 1997

December 1, 1997

Via Fax and U.S. Mail

David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Catanach:

Please continue Case 11887 (Application of Santa Fe Energy Resources, Inc. for compulsory pooling) to the December 18th Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 4, 1997**8:15 AM - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos 39-97 and 1-98 are tentatively set for December 18, 1997 and January 8, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11850: (Continued from November 6, 1997, Examiner Hearing - This Case will be Dismissed.)

Application of Diamond Head Properties, L. P., et al, for clarification of Division Order No. R-10731-B, Eddy County, New Mexico. Applicants, Diamond Head Properties, L. P. and its joint interest owners, Grover Family, L.P., Dugan Production Corp., Pennant Petroleum Inc. and Glenn S. Brant, (collectively the "Diamond Head Group") seek clarification of Order No. R-10731-B, issued February 2, 1997, and request that the Division order KCS Medallion Resources, Inc. ("KCS") to distribute to Diamond Head Properties and its joint owners their proportionate share of any nonconsenting working interest owner's share of production plus the 200% risk factor penalty. Said pooled unit is located approximately 10 miles north of Carlsbad, New Mexico.

CASE 11886: **Application of Nadel and Gussman Permian, LLC. for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the West Hobbs Unit Agreement for an area comprising 1,359.6 acres, more or less, of State lands in portions of Section 5, 8, and 17, all in Township 18 South, Range 37 East. Said unit area is located approximately 3.5 miles west of the Hobbs Industrial Airpark.**CASE 11878:** (Continued from November 6, 1997, Examiner Hearing.)

Application of Fasken Oil and Ranch, Ltd. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Indian Hills Well No. 15 at an unorthodox gas well location 1300 feet from the South line and 330 feet from the West line (Unit M) of Irregular Section 17, Township 21 South, Range 25 East, NMPM, to the base of the Morrow formation, said location being unorthodox for any and all gas producing formations from the top of the Wolfcamp to the base of the Morrow, including but not limited to the Indian Basin-Morrow gas Pool, and, if productive, to be simultaneously dedicated to a non-standard 663.86-acre gas spacing and proration unit consisting of all of said Irregular Section 17 which is currently dedicated to the Indian Hills Unit Gas Com "A" Well No. 6 located at a previously approved unorthodox well location 1440 feet from the South and East lines (Unit J) of said Irregular Section 17. Said unit is located approximately 9 miles northwest from Carlsbad, New Mexico.

CASE 11887: **Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.**CASE 11888:** **Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 19, Township 20 South, Range 34 East, and in the following manner: Lots 1-4 and the E/2 W/2 (W/2 equivalent) to form a standard 320.28-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Undesignated Quail Ridge-Morrow Gas Pool; and Lots 3, 4 and the E/2 SW/4 (SW/4 equivalent) to form a standard 160.19-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to the plugged and abandoned Cities Service Oil Company Government "N" Com. Well No. 1Y (to be redesignated the Topaz Fed. Com. Well No. 1), located at an unorthodox gas well location 660 feet from the South line and 2084 feet from the West line (Unit N) of said Section 19. If re-entry at that location is unsuccessful, the well will be directionally drilled to an unorthodox location within a 50 foot radius of 660 feet from the South line and 1100 feet from the West line (Unit M) of Section 19. Also to be considered will be the cost of re-entering and directionally drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 20.5 miles west-northwest of Oil Center, New Mexico.

CASE 11889: **Application of Leonard Resource Investment Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SE/4 of Section 14, Township 20 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for all formations and/or pools spaced on 40 acres within said vertical extent, including but not limited to the Undesignated House-San Andres Pool, Undesignated South House-Blinberry Pool, Undesignated East Warren-Tubb Pool, Undesignated House-Drinkard Pool, and Undesignated D-K Abo Pool. Said unit is to be dedicated to applicant's Bull Durham Well No. 1, to be drilled at an orthodox oil well location 330 feet from the South line and 660 feet from the East line of said Section 14. Also to be considered will be the cost of drilling said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 9 miles south-southwest of Hobbs, New Mexico.

CASE 11831: (Continued from November 6, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from 500 feet beneath the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 18 South, Range 28 East, and in the following manner: Lots 3, 4, S/2 NW/4, and SW/4 (the W/2) equivalent to form a standard 320.36-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Empire-Pennsylvanian Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools spaced on 160-acre spacing within said vertical extent; and the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool. Said units are to be dedicated to its Scoggin Draw "4" State Com Well No. 1, located 2310 feet from the South line and 660 feet from the West line (Unit L) of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 13 miles southeast of Artesia, New Mexico.

CASE 11882: (Continued from November 20, 1997, Examiner Hearing.)

Application of Xeric Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SE/4 of Section 14, Township 20 South, Range 38 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, including but not necessarily limited to the D-K-Abo Pool. Said unit is to be dedicated to its Hall Well No. 1 to be drilled and completed at a standard well location in Unit P of said Section 14. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles southeast of Hobbs, New Mexico.

CASE 11890: **Application of ARCO Permian to amend Division Order No. R-10781, Eddy County, New Mexico.** Applicant seeks an amendment to Division Order No. R-10781, issued in Case 11727 and dated March 18, 1997, authorizing the previously approved unorthodox subsurface gas well location for a standard 320-acre gas spacing and proration unit comprising the N/2 of Section 35, Township 17 South, Range 28 East within the South Empire-Morrow Gas Pool, which was within 100 feet of a point 1253 feet from the North line and 508 feet from the East line (Unit A) of Section 35, to now be applied to its proposed Evelyn "35" State Com Well No. 2 to be drilled from a surface location 1439 feet from the North line and 349 feet from the East line (Unit H) of said Section 35. Said unit is located approximately 18 miles southeast of Artesia, New Mexico. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 11865: (Readvertised)

Application of Thompson Engineering & Production Corp. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks authorization to drill its Blancett Well No. 2R at an unorthodox "off pattern" coal gas location in the Basin-Fruitland Coal Gas Pool 790 feet from the South line and 830 feet from the East line (Unit P) of Section 13, Township 30 North, Range 12 West. Applicant also seeks authority to downhole commingle production from the Pictured Cliffs formation, Aztec-Pictured Cliffs Gas Pool, and the Fruitland formation, Basin-Fruitland Coal Gas Pool within the wellbore of said well. The E/2 of said Section 13 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 2 miles southeast of Aztec, New Mexico.