

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

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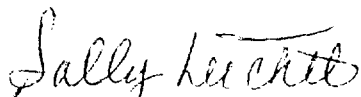
HINKLE, COX, EATON,
COFFIELD & HENSLEY
Attorneys at Law
P. O. Box 2068
Santa Fe, New Mexico 87501

RE: CASE NO. 10598
ORDER NO. R-9820

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Leichtle
Administrative Secretary

cc: BLM - Carlsbad

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. HEWETT
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
STEPHEN 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*
LISA 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

December 8, 1992

*NOT LICENSED IN NEW MEXICO

VIA HAND DELIVERY

Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Re: Case No. 10,598, The Application of Santa Fe
Energy Operating Partners, L.P. for an Unorthodox
Gas Well Location

Dear Mr. Stogner:

At the hearing, you requested that the Applicant submit proposed geological findings. Enclosed as Exhibit A is a list of findings prepared by Santa Fe's geologist. We suggest that in reviewing these findings you also review Santa Fe's Exhibits 4, 4A, and 5. Please call me if you need anything further in this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce

JB:frs
Enclosures

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Case No. 10,598
Proposed Geological Findings

1. Applicant's request for an unorthodox gas well location is based upon geological factors.
2. Applicant's primary target is the Strawn formation.
3. Strawn reservoirs are developed in an algal mound "complex." The complex consists of a central core flanked, along strike and along the updip side, by thinner limestone deposits. The mound complex is developed at the Strawn carbonate shelf edge.
4. Applicant's proposed well offsets a known algal mound complex which presently has two wells completed in and producing from the mound core, the Pacific Enterprises PEOC Fed. "21" Com. No. 1 Well in Unit E of Section 21 - 23 South - 26 East, and the Coquina Philly Fed. No. 2 Well in Unit G of said Section 21. In addition, the Bettis Brothers State "16" No. 1 Well, located in Unit O of Section 16 - 23 South - Range 26 East, is completed in and is producing from the flanking limestone deposits (along strike) north of the mound core.
5. Applicant presented geological testimony that it expects further reservoir development, either in the mound core or in flanking but thinner clean limestone, to be developed along the geologic strike of the Strawn shelf edge. Applicant's regional geological mapping indicates

that shelf edge strike is northeast-southwest in this area.

6. The well located in Unit G of Section 28 - 23 South - 26 East is dry in the Strawn, indicating the limited areal extent of Strawn mounds.
7. Applicant's proposed location 660' FNL and 660' FWL of Section 28 is along strike to the well in the thickest portion of this particular mound complex (the Coquina Philly Fed. No. 2 Well).
8. A well at the proposed location should encounter the best Strawn reservoir present in Section 28, and should also be in the highest structural position to most effectively drain a reservoir in Section 28.
9. Applicant presented evidence that indicates that the two wells in the mound core are producing from separate reservoirs within the mound core, and that Applicant's proposed location is likely to be in another reservoir in the mound core, or in thinner carbonate adjacent and along strike to the mound.
10. The discontinuous nature of reservoirs within the Strawn mound complex indicates that the proposed well will not necessarily drain offsetting tracts to the west.