

**STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 10837  
Order No. R-9995**

**APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L. P. FOR AN  
UNORTHODOX GAS WELL LOCATION, EDDY  
COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on October 7, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of October, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Santa Fe Energy Operating Partners, L. P., seeks approval of an unorthodox gas well location for its North Pure Gold "9" Federal Well No. 2 to be drilled 660 feet from the South and West lines (Unit M) of Section 9, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, to test the Morrow formation, Undesignated Los Medanos-Morrow Gas Pool and Undesignated West Sand Dunes-Morrow Gas Pool.

(3) The applicant proposes to dedicate the S/2 of Section 9 to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool(s).

(4) Applicant's geologic evidence indicates that the primary targets within the subject well are what the applicant has termed the "Pure Gold" and "Poker Lake" sand intervals within the Morrow formation.

(5) Applicant's geologic evidence further indicates that a well at the proposed unorthodox location should encounter a greater amount of net sand in both the "Poker Lake" and "Pure Gold" intervals than a well drilled at a standard gas well location thereon, thereby increasing the likelihood of obtaining commercial gas production.

(6) The geologic evidence further indicates that a well at the proposed unorthodox location should encounter the Morrow formation at a more structurally advantageous position than a well drilled at a standard location thereon.

(7) Yates Petroleum Corporation, the affected offset operator to the south in Section 17, has waived objection to the proposed unorthodox gas well location.

(8) The affected offset acreage to the west in Section 8 and to the southwest in Section 17 is currently leased to the applicant. In addition, the interest ownership between the S/2 of Section 9 and the E/2 of Section 8 is common throughout.

(9) The applicant notified all working interest owners in the N/2 of Section 17 of its proposed unorthodox location.

(10) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool(s), will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

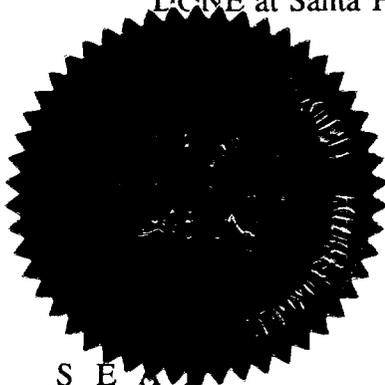
**IT IS THEREFORE ORDERED THAT:**

(1) The application of Santa Fe Energy Operating Partners, L. P. for an unorthodox gas well location for its North Pure Gold "9" Federal Well No. 2 to be drilled 660 feet from the South and West lines (Unit M) of Section 9, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, to test the Morrow formation, Undesignated Los Medanos-Morrow Gas Pool and Undesignated West Sand Dunes-Morrow Gas Pool, is hereby approved.

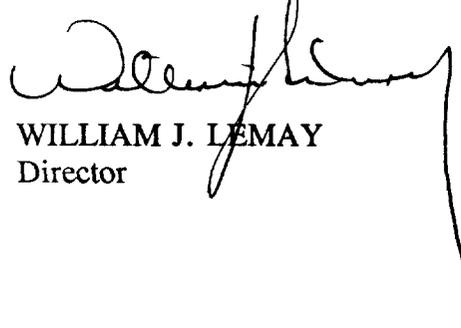
(2) The S/2 of Section 9 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool(s).

(3) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director