

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P.,
FOR FOUR NON-STANDARD
SPACING AND PRORATION UNITS,
EDDY COUNTY, NEW MEXICO.

SEP 11 1987

OIL CONSERVATION DIVISION

7234

APPLICATION

Santa Fe Energy Operating Partners, L.P., hereby applies for approval of four non-standard spacing and proration units in the W $\frac{1}{2}$ Section 2 and W $\frac{1}{2}$ Section 11, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the sole working interest owner in the W $\frac{1}{2}$ of Section 2 and the NW $\frac{1}{4}$ and W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 11, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, insofar as rights to the Wolfcamp formation are concerned.

2. The W $\frac{1}{2}$ of Section 2 and W $\frac{1}{2}$ of Section 11 are located within one mile of the East Carlsbad-Wolfcamp Gas Pool, and thus are subject to the special rules for said pool.

3. The East Carlsbad-Wolfcamp Gas Pool special pool rules provide for 320 acre spacing and proration units.

4. Geological and engineering evidence will show that one well will not efficiently and adequately drain 320 acres in the Wolfcamp formation, and thus Applicant requests approval of four 160 acre non-standard spacing and proration units, as further described below.

5. Applicant is the operator of the Chase State No. 2-1 well, located 1980 feet from the west line and 990 feet from the

south line of said Section 2. The Chase State No. 2-1 Well is located at an unorthodox location approved by Division administrative order NSL-2302, and is capable of producing from the Wolfcamp formation. Applicant seeks to dedicate this well to a non-standard spacing and proration unit for Wolfcamp production consisting of the SW $\frac{1}{4}$ of Section 2.

6. If this Application is approved, Applicant proposes to drill additional wells in the NW $\frac{1}{4}$ of Section 2, the NW $\frac{1}{4}$ of Section 11, and the SW $\frac{1}{4}$ of Section 11, to test the Wolfcamp formation.

7. In order to prevent waste and protect correlative rights, applicant requests approval of a 160 acre non-standard spacing and proration unit for Wolfcamp production consisting of the SW $\frac{1}{4}$ of Section 2 to be dedicated to the Chase State No. 2-1 Well, and advance approval for three 160 acre non-standard spacing and proration units for Wolfcamp production consisting of the NW $\frac{1}{4}$ of Section 2, the NW $\frac{1}{4}$ of Section 11, and the SW $\frac{1}{4}$ of Section 11 to be dedicated to wells to be drilled thereon.

8. Applicant further requests that the Chase State No. 2-1 Well, and the three proposed wells, be allowed to produce hydrocarbons from the Wolfcamp formation at their full productive capacity with no restriction on their allowables.

9. Applicant requests that this matter be set for the October 7, 1987 Examiner hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By James Bruce
James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

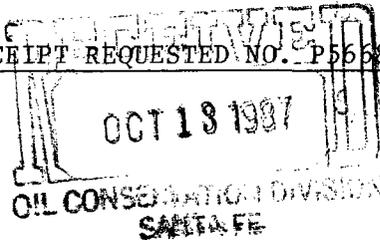
Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

September 17, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED NO. P566806618

Bureau of Land Management
New Mexico State Office
P.O. Box 1449
Santa Fe, New Mexico 87501



Attn: Martha A. Rivera

Re: OD-NM-617,139
Applications for Hearing

Gentlemen:

This letter serves as notice of Santa Fe's application to the New Mexico Oil Conservation Division (NMOCD) for four Non-Standard Proration and Spacing Units consisting of the NW/4 and the SW/4 of Section 2, and the NW/4 and the SW/4 of Section 11, T-22-S, R-27-E, Eddy County, New Mexico, insofar as rights to the Wolfcamp Formation are concerned. The SW/4 of said Section 2 is to be dedicated to the Chase State No. 2-1 Well with the balance of the 160-acre quarter sections to be dedicated to additional wells proposed to be drilled. This matter is to be set for hearing on October 7, 1987. In this regard, enclosed please find a copy of the application filed before the NMOCD.

In conjunction with this application, it is requested that you execute and return one (1) copy of this waiver to be returned to Santa Fe and one (1) to be forwarded to the NMOCD at P.O. Box 2088, Santa Fe, New Mexico 87501. Postage paid envelopes are enclosed for your use in this regard. Also, a copy of this waiver letter is enclosed for your files.

Your prompt attention to this matter will be appreciated. Should you have any questions concerning this matter, feel free to give me a call.

Sincerely yours,

SANTA FE ENERGY OPERATING PARTNERS, L.P.
By Santa Fe Pacific Exploration Company
as Managing General Partner


Patrick J. Tower, Senior Landman

sbh577
Enclosures

Permian Basin District
500 W. Illinois
Suite 500
Midland, Texas 79701
915/687-3551

Page 2
September 17, 1987

ATTACHED TO AND MADE A PART OF
WAIVER LETTER DATED SEPTEMBER 11, 1987

BY SIGNATURE HERETO, WE HAVE NO OBJECTION TO THE GRANTING OF FOUR NON-STANDARD SPACING AND PRORATION UNITS IN THE WOLFCAMP FORMATION CONSISTING OF THE NW/4 AND THE SW/4 OF SECTION 2, AND THE NW/4 AND THE SW/4 OF SECTION 11, T-22-S, R-27-E, N.M.P.M. EDDY COUNTY, NEW MEXICO WITH THE SW/4 OF SECTION 2 TO BE DEDICATED TO THE CHASE STATE NO. 2-1 WELL, AND THE BALANCE OF THE QUARTER SECTIONS TO BE DEDICATED TO ADDITIONAL PROPOSED WELLS.

By: _____ Date _____

Title: _____

Company: _____



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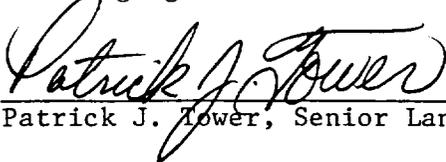
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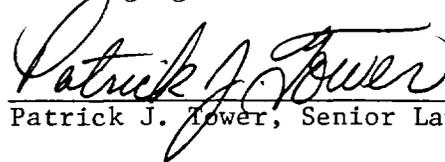
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