

# HINKLE, COX, EATON, COFFIELD & HENSLEY

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

LEWIS C. COX  
PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
ERIC D. LANPHERE  
C. D. MARTIN  
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  
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

FRED W. SCHWENDIMANN  
JAMES M. HUDSON  
JEFFREY S. BAIRD\*  
REBECCA NICHOLS JOHNSON  
WILLIAM P. JOHNSON  
STANLEY K. KOTOVSKY, JR.  
H. R. THOMAS  
ELLEN S. CASEY  
MARGARET CARTER LUDEWIG  
S. BARRY PAISNER  
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\*  
ROBERT H. BETHEA\*  
BRADLEY W. HOWARD  
CHARLES A. SUTTON  
NORMAN D. EWART  
DARREN T. GROCE\*  
MOLLY MCINTOSH  
MARCIA B. LINCOLN  
SCOTT A. SHUART\*  
DARREN L. BROOKS  
CHRISTINE E. LALE  
PAUL G. NASON  
DARLA M. SILVA

\*NOT LICENSED IN NEW MEXICO

January 26, 1994

## VIA HAND DELIVERY

Michael E. Stogner  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Dear Mr. Stogner:

Pursuant to Division Rule 104(F)(1), Santa Fe Energy Operating Partners, L.P. hereby applies for administrative approval of an unorthodox oil well location for the following well:

North Pure Gold "9" Fed. Well No. 5; 990 feet FWL and 1140 feet FNL (Unit D) of Section 9, Township 23 South, Range 31 East, N.M.P.M., Eddy County, New Mexico; Los Medanos-Delaware Pool.

The Los Medanos-Delaware Pool is subject to statewide rules with 40-acre spacing and wells to be located no closer than 330 feet to the boundary of the well unit. The proposed well is located on federal land and is in the oil-potash area. Santa Fe originally applied to the Bureau of Land Management for permission to drill the well at a standard location 990 feet FNL and 990 feet FWL, but has been informed that the well must be moved due to potash considerations. See Exhibit 1. Santa Fe has been verbally informed by the BLM that a location 150 feet south of the originally proposed location will be approved.

RECEIVED  
OIL CONSERVATION DIVISION  
JAN 28 1994

Michael E. Stogner  
January 26, 1994  
Page 2

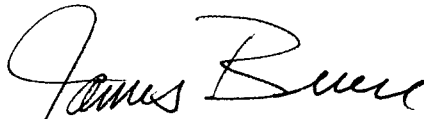
Attached as Exhibit 2 is a land plat indicating the proposed well and offset leasehold ownership, and indicating existing and proposed Delaware wells. Section 9 is one federal lease. The offset acreage is owned and operated by Santa Fe, and thus no notice of this application has been given to any other person. The information on the plat is current and correct.

Directional drilling to reach a standard bottom-hole location is not favored because it would increase the cost of the well by over \$50,000 and lead to substantially higher operating costs.

This application is submitted in triplicate. Your attention to this matter is appreciated.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

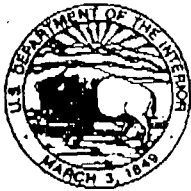


James Bruce  
Attorneys for Santa Fe Energy  
Operating Partners, L.P.

JB/bc

cc: Curtis D. Smith  
(w/encl.)

Bureau of Land Management (w/encl.)  
Attn: T. Herrell  
620 East Greene  
Carlsbad, New Mexico 88220



## United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

NEW MEXICO STATE OFFICE  
1474 RODEO RD.  
P.O. BOX 27115  
SANTA FE, NEW MEXICO 87502-7115



3160 (06780)  
NMNM-77046

JAN 6 1994

CERTIFIED--RETURN RECEIPT REQUESTED  
P 558 728 948

Santa Fe Energy Operating Partners, L.P.  
Attention: D. Roberts  
550 West Texas, Suite 1330  
Midland, TX 79701

RE: NMNM-77046 N. Pure Gold "9" Federal Well No. 5  
990' FNL & 990' FWL, Sec. 9, T23S, R31E  
Eddy County, New Mexico

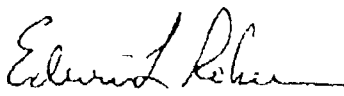
Dear Mr. Roberts:

Your proposed oil/gas well is located in the Secretary of the Interior's Potash Area as described by the 1986 Secretarial Order. In accordance with the order, we have designated areas within the Potash Area as Potash Enclave. The enclave contains measured potassium mineral resources of sufficient quality and quantity to be technologically and economically minable using standard mining practices.

Regrettably, your proposed well must be denied. Drilling at the proposed location would likely interfere with potash mining and result in undue waste of known enclave reserves. It could also prove hazardous to the health and safety of potash miners. However, we have the discretion of approving your well at a safe alternate location. Please contact our Carlsbad Resource Area, Solids Minerals Staff at (505) 887-6544, should you have questions about potential alternative locations or need other assistance on matters involving potash mining.

We are returning your copies of the application. By using the enclosed 1842-1 Form, this decision may be appealed to the Interior Board of Land Appeals in accordance with 43 CFR 3165.4.

Sincerely,

  
William C. Calkins  
for Acting State Director

2 Enclosures

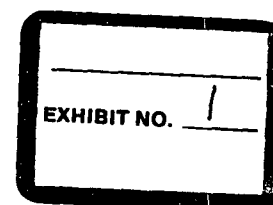




EXHIBIT NO.

2

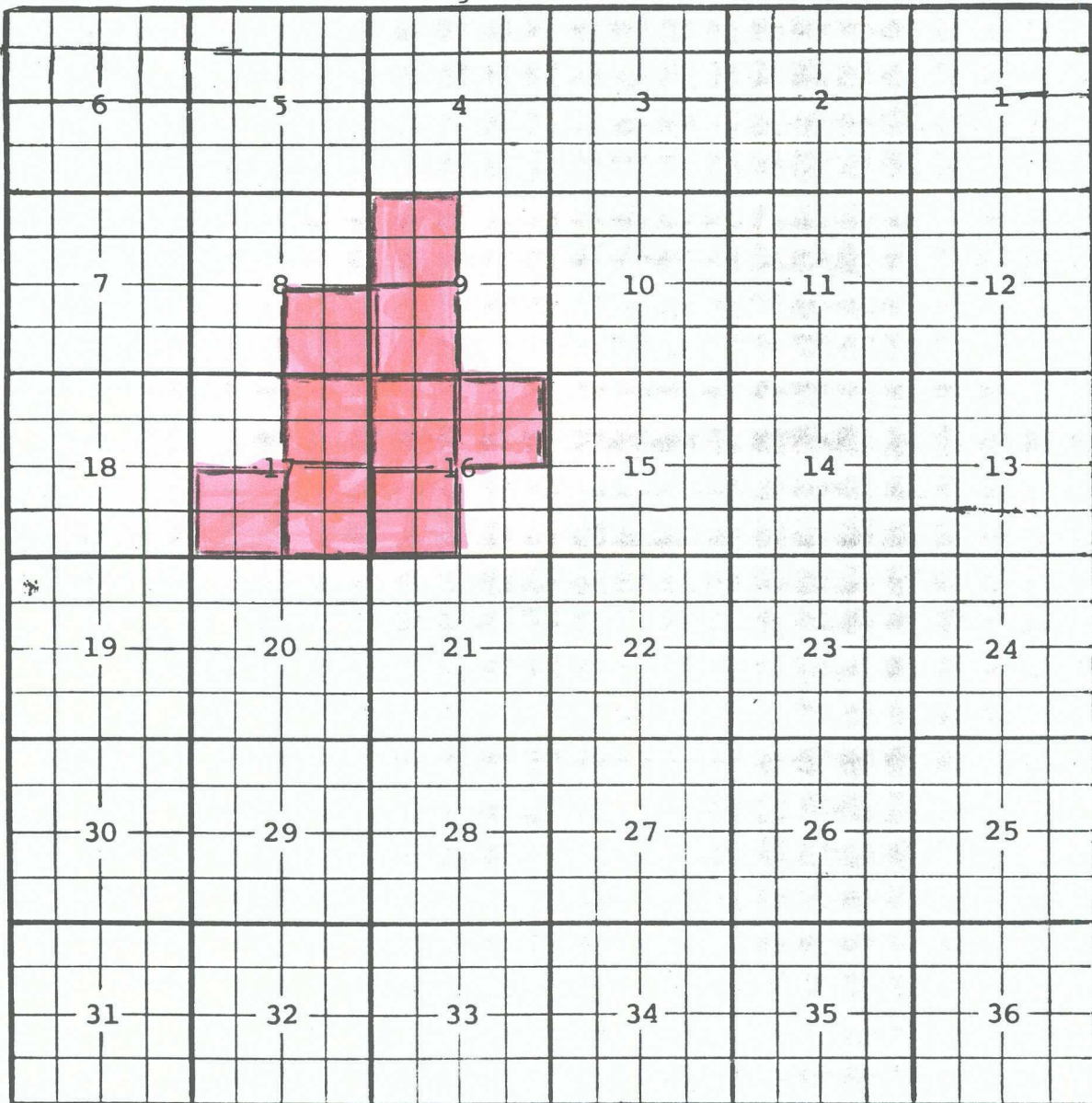


CI  
 Date **1/25/94**  
 File # **1A 8**



County EDDYPool LOS MEDANOS - DELAWARETOWNSHIP 23 SOUTHRange 31 EAST

NMPM



DESC: SW/4 Sec. 16 (R-9473, 4-1-91)

Ext: NW/4 Sec. 16 (R-9545, 7-1-91) Ext: NE/4 Sec. 17 (R-9844, 2-8-93)

Ext: SW/4 Sec. 9 (R-9884, 4-26-93) Ext: SE/4 Sec. 17 (R-9938, 8-17-93)

Ext: SW/4 Sec. 17 (R-9963, 9-20-93) Ext: NW/4 Sec. 9 (R-9981, 10

Ext: NW/4 Sec. 9 (R-9981, 10-1-93) Ext: SE/4 Sec. 8, NE/4 Sec. 16 (R-10042, 12-28-93)