

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

Case 12137

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

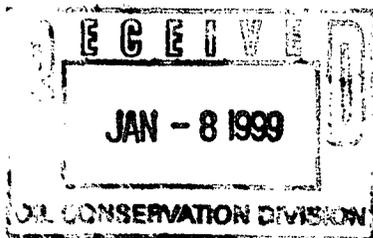
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL    NSP    DD    SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC    CTB    PLC    PC    OLS    OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX    PMX    SWD    IPI    EOR    PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

JAMES BRUCE  
P.O. BOX 1056  
SANTA FE, NM 87504

*James Bruce*  
Signature

*Attorney for applicant*  
Title

*1/8/99*  
Date

Print or Type Name

Signature

Title

Date

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

January 8, 1999

Hand Delivered

*Case 12131*

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Santa Fe Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox gas well location for the following well:

Rio Blanco "4" Fed. Com. Well No. 2  
660 feet FSL & 660 feet FWL  
S½ §4, Township 23 South, Range 34 East, NMPM  
Lea County, New Mexico

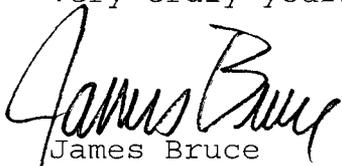
Santa Fe plans to drill the well to a depth sufficient to test the Morrow formation (Undesignated Antelope Ridge-Morrow Gas Pool). Well spacing is 320 acres, with wells to be no closer than 1650 feet to the end line and 660 feet to the side line of the unit. See Order No. R-3050. An APD and Form C-102 for the well are being prepared, and will be submitted to the Division as soon as they are available.

The proposed location is based on geologic reasons. Attached as Exhibit A is an isopach of the Upper Morrow Grama Ridge "A" Sand, the main Morrow pay zone in this area. Other Morrow penetrations in this area are noted on the map. The Morrow is a northwest-southeast trending channel sand, and the Morrow thickens as you move to the west in the well unit. Placing the well at the proposed location will enable Santa Fe to penetrate approximately 10-15 feet of Morrow pay, which Santa Fe believes is necessary for a commercial well. Santa Fe's Rio Blanco "4" Fed. Com. Well No. 1, in the SE¼NW¼ of Section 4, encountered substantially less than 10 feet of sand. Thus, the location substantially reduces the risk involved in drilling the well.

Attached as Exhibit B is a land plat of the area, highlighting Santa Fe-operated acreage in yellow. The affected offset acreage (Sections 5 and 8) is in the Bell Lake Unit, operated by Conoco Inc.<sup>1</sup> Santa Fe has also notified the lessee to the south, Phillips Petroleum Company, and the operator of the W½ of Section 9, Southwestern Energy Production Company, although the proposed well is not encroaching to the south. The notice letter to the offsets is attached as Exhibit C.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for Santa Fe  
Energy Resources, Inc.

cc: Steven J. Smith

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<sup>1</sup>The unit was approved by Order No. R-355 in Case No. 563.



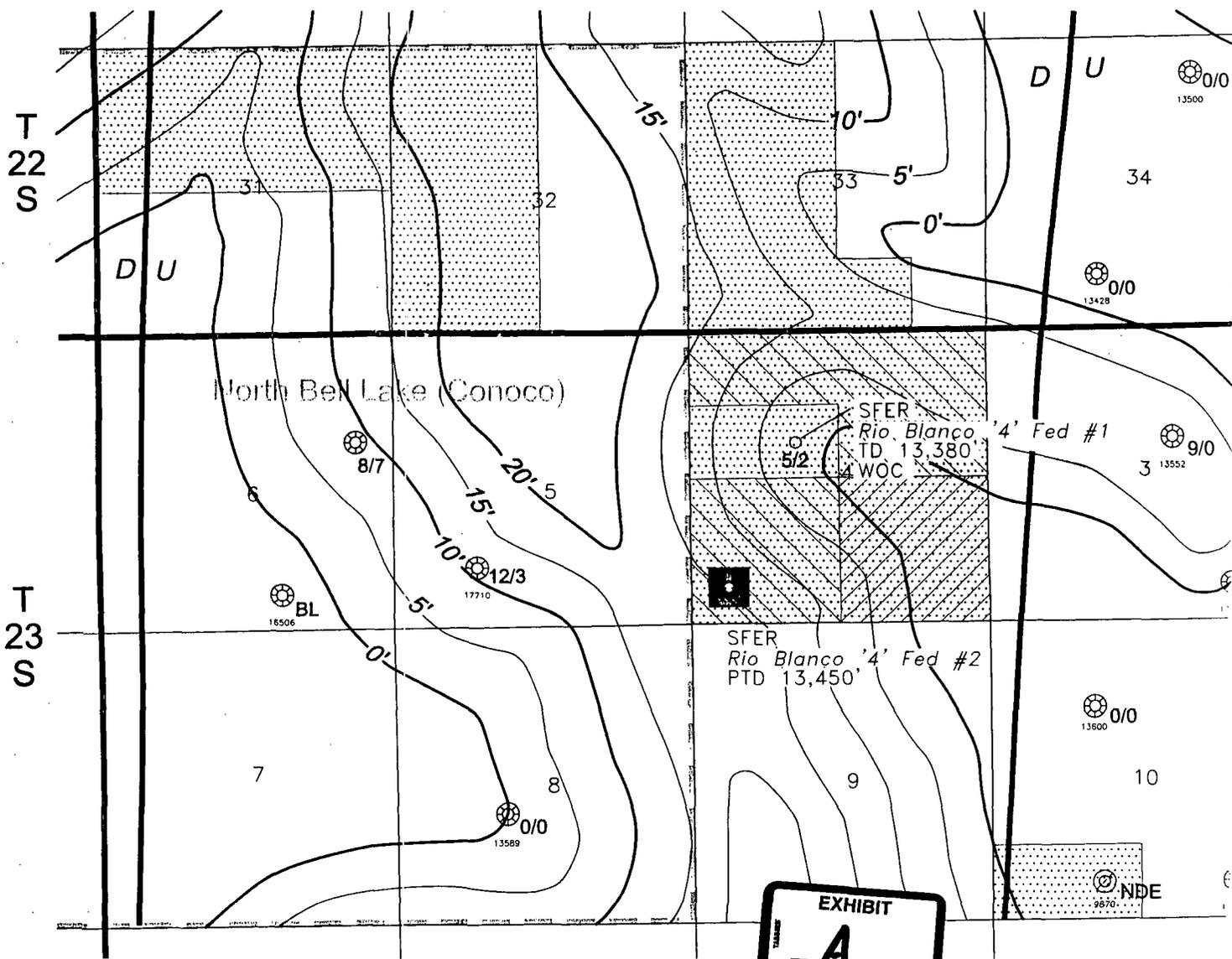


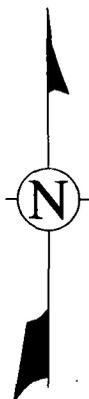
EXHIBIT  
**A**

Net Clean Sand

18/12

Net Sand ( $D \geq 8\%$ )

-  PROPOSED LOCATION
-  FARM IN ACREAGE
-  AMOCO ACREAGE
-  SFER ACREAGE





**Santa Fe Energy Resources**  
CENTRAL DIVISION  
MIDLAND, TEXAS

---

Lea South Area  
**RIO BLANCO**  
Lea County, New Mexico

---

**NET CLEAN SAND ISOPACH MAP  
UPPER MORROW  
GRAMA RIDGE "A" SAND**

Geol. By: T. J. TINNEY  
Scale: 1" = 2000'

C.I.: 5'  
Date: 1-

RIO-B199.DWG

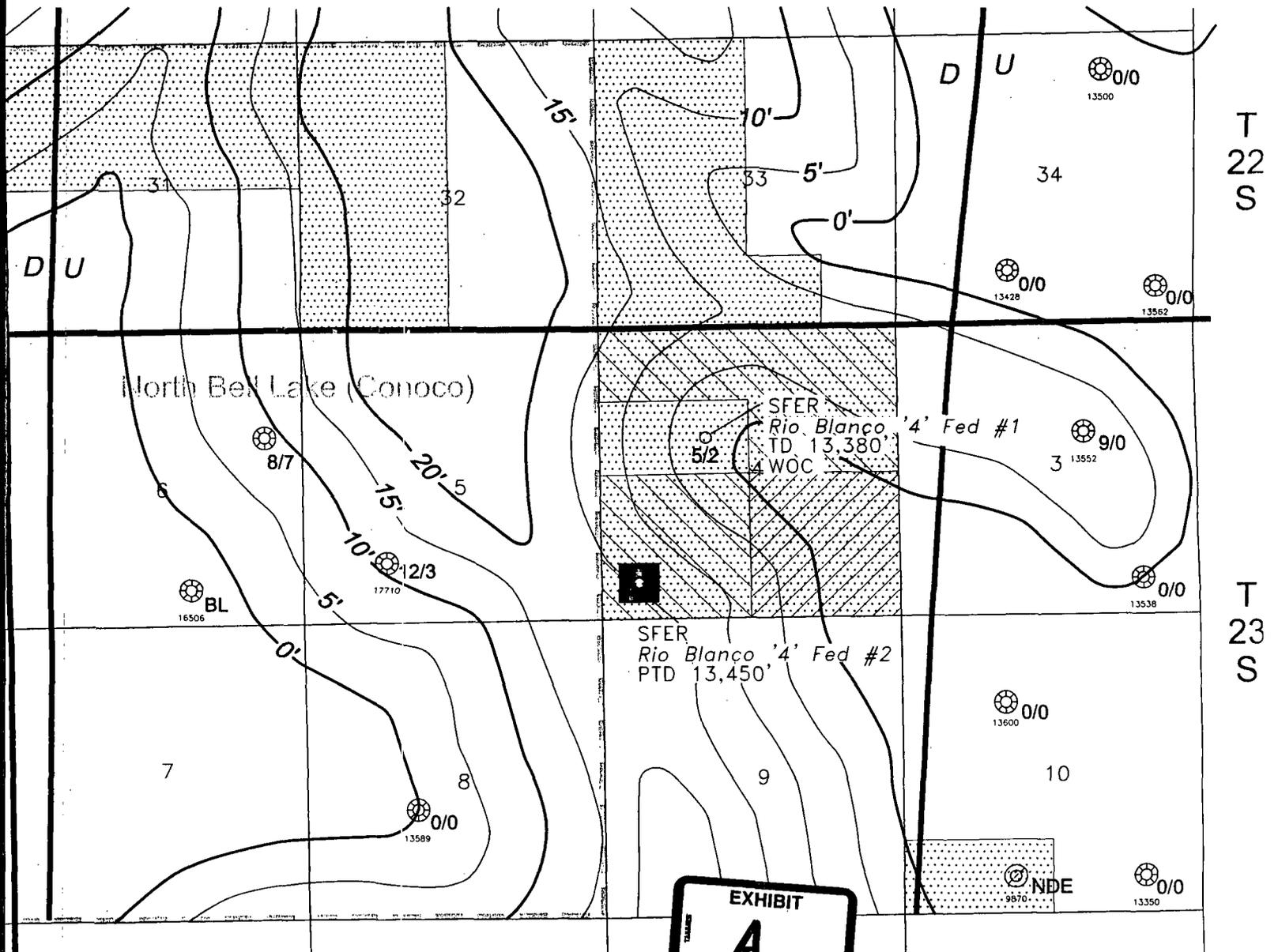


EXHIBIT  
**A**

lean Sand  
18/12  
Net Sand ( $D \phi \geq 8\%$ )

PROPOSED LOCATION

FARM IN ACREAGE

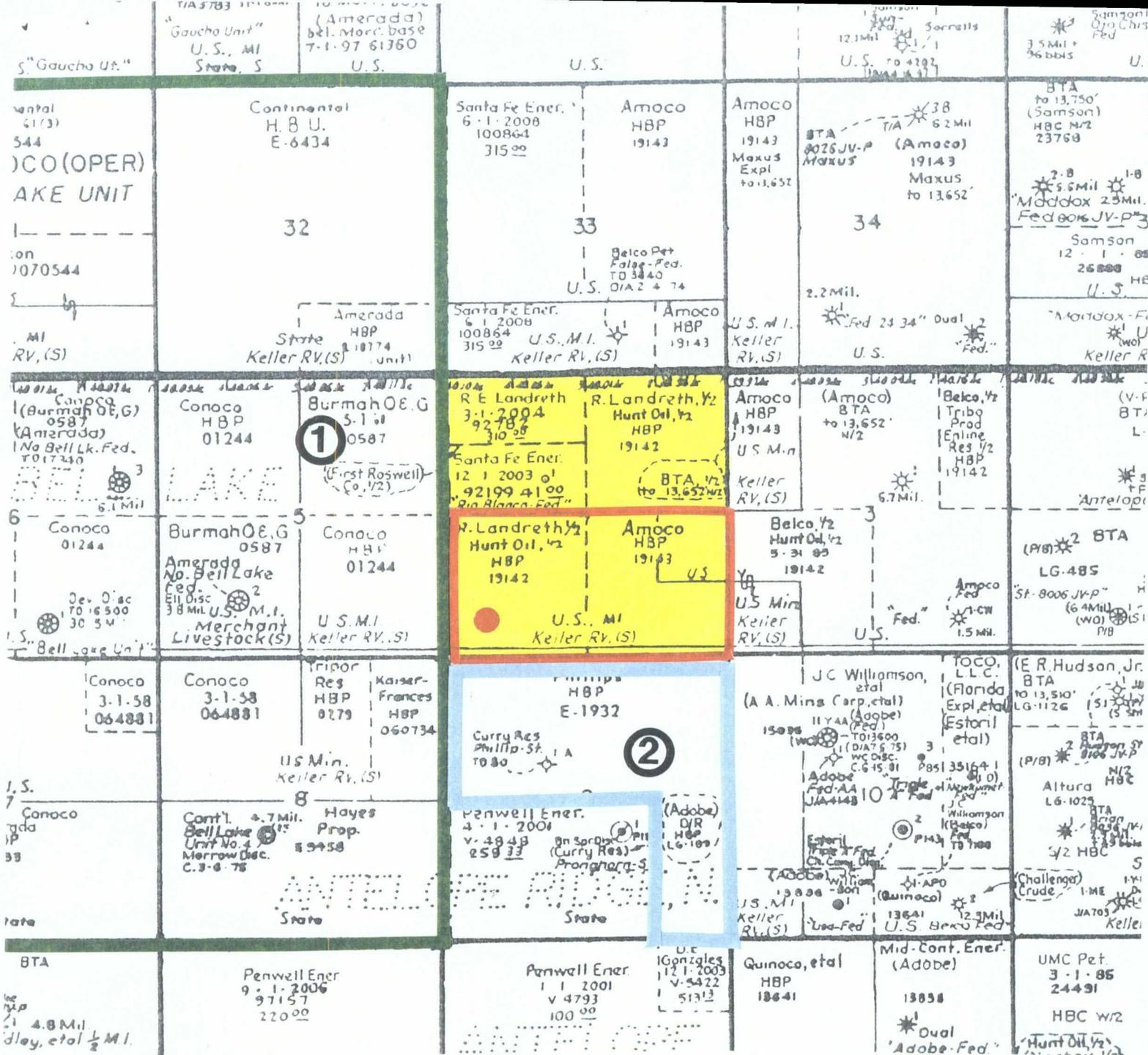
AMOCO ACREAGE

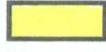
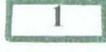
SFER ACREAGE



	<p><b>Santa Fe Energy Resources. Inc.</b> CENTRAL DIVISION MIDLAND, TEXAS</p>
	<p>Lea South Area <b>RIO BLANCO</b> Lea County, New Mexico</p>
<p><b>NET CLEAN SAND ISOPACH MAP</b> <b>UPPER MORROW</b> <b>GRAMA RIDGE "A" SAND</b></p>	
<p>Geol. By: T. J. TINNEY Scale: 1" = 2000'</p>	<p>C.I.: 5' Date: 1-7-99</p>

RIO-B199.DWG



-  RIO BLANCO "4" FED COM #2  
660' FSL & 660' FWL  
Section 4, T-23-S, R-34-E
-  Proposed 320 Acre Proration Unit
-  SFER, INC., et al Acreage
-  Conoco Inc.  
(Operator of N. Bell Lake Unit)
-  Phillips Petroleum Company



**Santa Fe Energy Resources, Inc.**  
Central Division  
Midland, Texas

---

**LEA COUNTY, NEW MEXICO**

---

**RIO BLANCO PROSPECT**

**EXHIBIT**

B

DATE: 1/07/99

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

January 8, 1999

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Conoco Inc.  
Suite 100W  
10 Desta Drive  
Midland, Texas 79705

Southwestern Energy Production Company  
Suite 300  
2350 North Sam Houston Parkway East  
Houston, Texas 77032

Attention: Samuel Glenn Thompson

Phillips Petroleum Company  
4001 Penbrook  
Odessa, Texas 79762

Gentlemen:

Enclosed is a copy of an administrative application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Santa Fe Energy Resources, Inc., regarding the Rio Blanco "4" Fed. Com. Well No. 2, located in the S $\frac{1}{2}$  of Section 4, Township 23 South, Range 34 East, NMPM, Eddy County, New Mexico. If you object to the location, you must file a written objection with the Division no later than January 28, 1999. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Very truly yours,

  
James Bruce

Attorney for Santa Fe  
Energy Resources, Inc.



**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1856  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2063  
(505) 983-2151 (FAX)

Post-It® Fax Note 7671			
To	Jimmy Carlile		Date
Co./Dept.		From	1/27/99 # of pages 5
Phone #		Co.	W. Richardson
Fax #	686-5780	Phone #	
		Fax #	

January 8, 1999

Hand Delivered

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Santa Fe Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox gas well location for the following well:

Rio Blanco "4" Fed. Com. Well No. 2  
660 feet FSL & 660 feet FWL  
S $\frac{1}{2}$  §4, Township 23 South, Range 34 East, NMPM  
Lea County, New Mexico

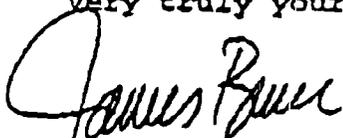
Santa Fe plans to drill the well to a depth sufficient to test the Morrow formation (Undesignated Antelope Ridge-Morrow Gas Pool). Well spacing is 320 acres, with wells to be no closer than 1650 feet to the end line and 660 feet to the side line of the unit. Seg Order No. R-3050. An APD and Form C-102 for the well are being prepared, and will be submitted to the Division as soon as they are available.

The proposed location is based on geologic reasons. Attached as Exhibit A is an isopach of the Upper Morrow Grama Ridge "A" Sand, the main Morrow pay zone in this area. Other Morrow penetrations in this area are noted on the map. The Morrow is a northwest-southeast trending channel sand, and the Morrow thins as you move to the west in the well unit. Placing the well at the proposed location will enable Santa Fe to penetrate approximately 10-15 feet of Morrow pay, which Santa Fe believes is necessary for a commercial well. Santa Fe's Rio Blanco "4" Fed. Com. Well No. 1, in the SE $\frac{1}{4}$  of Section 4, encountered substantially less than 10 feet of sand. Thus, the location substantially reduces the risk involved in drilling the well.

Attached as Exhibit B is a land plat of the area, highlighting Santa Fe-operated acreage in yellow. The affected offset acreage (Sections 5 and 8) is in the Bell Lake Unit, operated by Conoco Inc.<sup>1</sup> Santa Fe has also notified the lessee to the south, Phillips Petroleum Company, and the operator of the W $\frac{1}{4}$  of Section 9, Southwestern Energy Production Company, although the proposed well is not encroaching to the south. The notice letter to the offsets is attached as Exhibit C.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for Santa Fe  
Energy Resources, Inc.

cc: Steven J. Smith

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<sup>1</sup>The unit was approved by Order No. R-355 in Case No. 563.



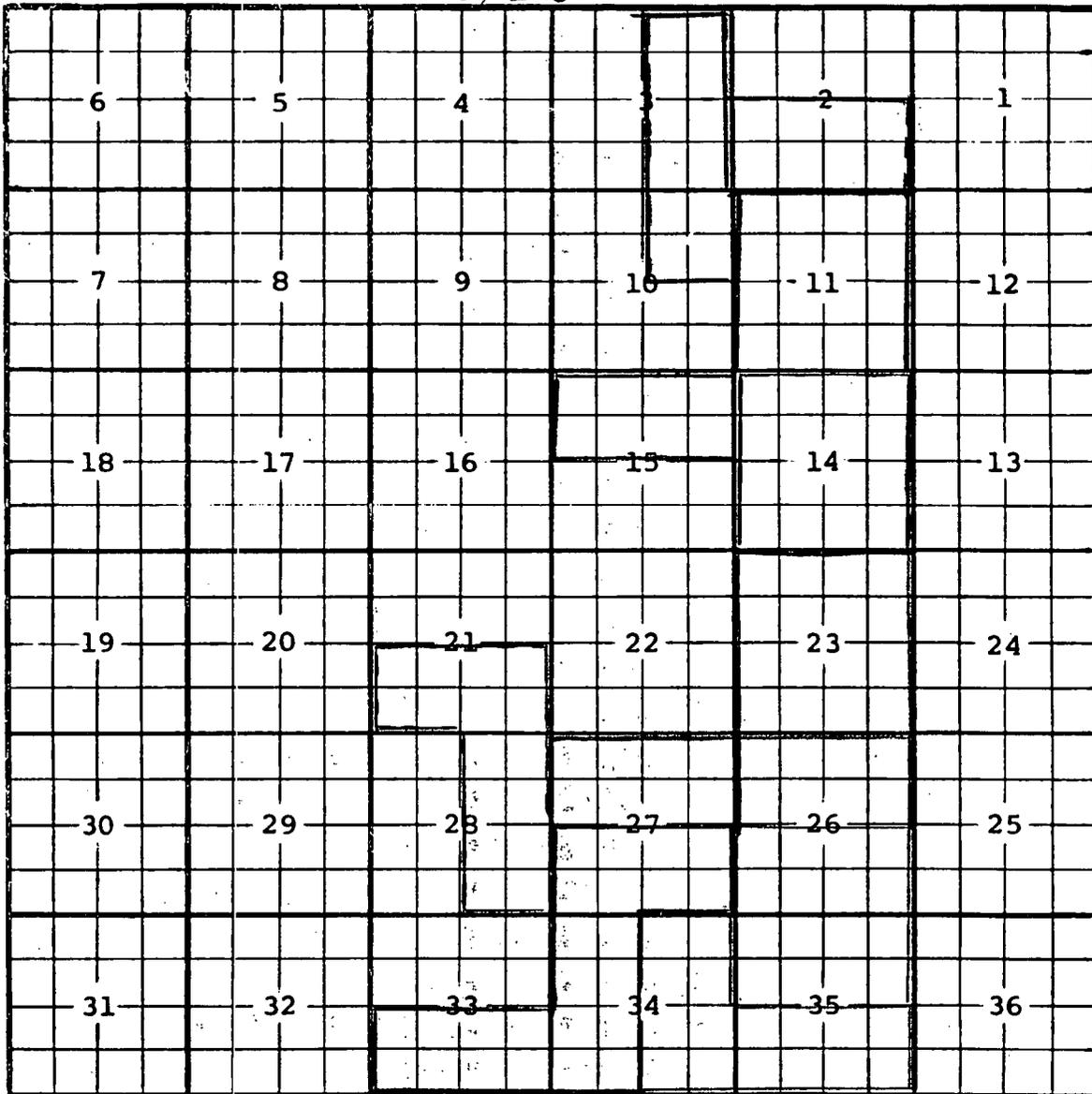
COUNTY *Lea*

POOL *Antelope Ridge-Morrow Gas*

TOWNSHIP *23 South*

RANGE *34 East*

NMPM



Ext:  $\frac{S}{2}$  Sec. 27;  $\frac{S}{2}$  Sec. 33;  $\frac{W}{2}$  Sec. 34 (R-3218, 5-1-67)

Ext:  $\frac{S}{2}$  Sec 35,  $\frac{E}{2}$  Sec 34 (R-4743, 4-1-74)

Ext:  $\frac{S}{2}$  Sec 21,  $\frac{E}{2}$  Sec 28 (R-4861, 11-1-74)

Ext:  $\frac{S}{2}$  Sec 26,  $\frac{N}{2}$  Sec 35 (R-5143, 2-1-76)

Ext:  $\frac{N}{2}$  Sec 26 (R-5988, 5-1-79) Ext: All Sec. 23 (R-6274, 3-1-80)

Ext: All Sec. 14 (R-6576, 2-10-81) Ext:  $\frac{N}{2}$  Sec 7 (R-6758, 8-26-81)

Ext: All Sec. 11,  $\frac{N}{2}$  Sec. 15 (R-6838, 11-8-81) EXT:  $\frac{E}{2}$  SEC. 3,  $\frac{NE}{4}$  SEC. 10 (R-8584 1/1/88)

Ext:  $\frac{S}{2}$  Sec. 2 (R-10091, 3-28-94)

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

02/01/99 13:14:16  
OGOMES -TPXI  
PAGE NO: 2

Sec : 04 Twp : 23S Rng : 34E Section Type : NORMAL

L 40.00  Federal owned	K 40.00  Federal owned	J 40.00  Federal owned	I 40.00  Federal owned
M 40.00  Federal owned	N 40.00  Federal owned	O 40.00  Federal owned	P 40.00  Federal owned

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV     PF11            PF12

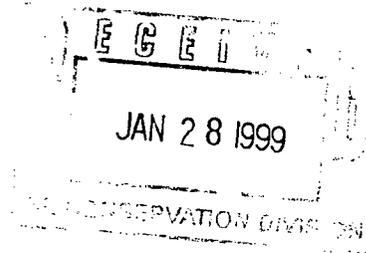


Jimmy D. Carlile  
Sr. Conservation Coordinator  
Mid-Continent Region  
Exploration-Production North America

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5425 Fax: (915) 686-5780

January 27, 1999

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505



*Case 12131*

Dear Mr. Stogner,

Re: Santa Fe Energy Resources, Inc.,  
Rio Blanco "4" Fed. Com. Well No. 2,  
Unorthodox Gas Well Location,  
Lea County New Mexico

Please be advised Conoco Inc. hereby protests the administrative approval of the unorthodox location request of Santa Fe Energy Resources, Inc. for the Rio Blanco "4" Fed. Com No. 2 as proposed in their January 8, 1999 letter to you (copy attached). This location encroaches on Conoco's acreage and would allow substantial drainage to occur.

Yours very truly,

Jimmy D. Carlile  
Sr. Conservation Coordinator

**AMERADA HESS CORPORATION**

500 DALLAS STREET  
POST OFFICE BOX 2040  
HOUSTON, TEXAS 77252-2040

**FACSIMILE TRANSMISSION COVER SHEET**

**U. S. PRODUCTION  
NORTH DAKOTA BUSINESS UNIT**

FAX NUMBER (713) 609-5462  
OFFICE TELEPHONE NUMBER (713) 609-54~~62~~ 80

---

TO: MICHAEL E. STOGNER

COMPANY/NAME: OIL CONSERVATION DIVISION

FAX NUMBER: (505) 827-1389

FROM: HENRY J. HANSEN

DATE: 1-28-99

NUMBER OF PAGES (INCLUDING COVER SHEET (2))

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COMMENTS:

This facsimile is intended for the person or entity to which it is addressed and may contain information that is privileged, confidential, or otherwise protected from disclosure. Dissemination, distribution, or copying of this information herein by anyone other than the intended recipient is prohibited. If you have received this facsimile in error, please notify us immediately by telephone and return the facsimile by mail.

IF THERE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL (713) 609-5479.

**AMERADA HESS CORPORATION**

Henry J. Hansen, CPL  
Professional Landman - Opportunity Group

Phone: (713) 609-5480  
FAX: (713) 609-5462  
E-Mail: hhansen@hcss.com

P. O. Box 2040  
Houston, Texas 77252-2040

500 Dallas, Level 2  
Houston, Texas 77002

January 28, 1999

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

*Case 12131*

RE: Santa Fe Energy Resources, Inc.  
Administrative Application for an Unorthodox location  
Rio Blanco "4" Fed. Com. Well No. 2  
660 feet FSL and 660 feet FWL  
S/2 Sec. 4, Township 23 South, Range 34 East, NMPM  
Lea County, New Mexico

Dear Mr. Stogner:

On January 8, 1999 Santa Fe Energy Resources, Inc. made the referenced Application for an Onorthodox location for the Rio Blanco "4" Fed. Com. Well No. 2. Please be advised that as an offset working interest owner in Section 5, Township 23 South, Range 34 East, NMPM Amerada Hess Corporation opposes Santa Fe's Application.

Yours truly,

AMERADA HESS CORPORATION

*Henry J. Hansen*

Henry J. Hansen  
Professional Landman



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

February 1, 1999

**Santa Fe Energy Resources, Inc.**  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

*RE: Administrative application of Santa Fe Energy Resources, Inc. to drill its Rio Blanco "14" Federal Com. Well No. 2 at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 4, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, in which the S/2 of Section 4 is to be dedicated in order to form a standard 320-acre gas spacing and proration unit within either the Undesignated North Bell-Morrow Gas Pool or Undesignated Antelope Ridge-Morrow Gas Pool.*

Dear Mr. Bruce:

On January 27, 1999 the Division received an objection from Conoco, Inc. and on January 28, 1999 objections from Amerada Hess Corporation and Kaiser Francis Oil Company were also received to the subject application, see copies of letters attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for March 4, 1999. Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's Rules and Regulations.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad  
Conoco, Inc. (Attn. Jimmy D. Carlile) - Midland, Texas  
Amerada Hess Corporation (Attn. Henry J. Hansen) - Houston, Texas  
Kaiser-Francis Oil Company (Attn. James T. Wakefield) - Tulsa, Oklahoma  
Kathy Valdes - NMOCD, Santa Fe  
Florene Davidson - NMOCD, Santa Fe



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

March 1, 1999

Santa Fe Energy Resources, Inc.  
C/o James Bruce  
P. O. Box 2265  
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Re: Case No. 12131: Application for an unorthodox gas well  
location, Lea County, New Mexico.

Dear Mr. Bruce:

Reference is made to your letter dated March 1, 1999 requesting a continuance in the above-described matter. Due to scheduling irregularities and Division workload this case will be continued to the **April 15, 1999** Examiners Hearing. Thank you for your cooperation.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: W. Thomas Kellahin - Santa Fe [Telefax No. (505) 982-2047]  
Case File 12131  
Rand Carroll, Legal Counsel - OCD, Santa Fe  
Florene Davidson - OCD, Santa Fe

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

RECEIVED  
MAR - 2 1999  
OIL CONSERVATION DIVISION

March 1, 1999

Via Fax and U.S. Mail

Lori Wrottenbery  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Case 12131; Application of Santa Fe Energy Resources,  
Inc. for an unorthodox gas well location, Lea County, New  
Mexico

Dear Ms. Wrottenbery:

Please continue the above case to the next available Examiner  
hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Santa Fe  
Energy Resources, Inc.

cc: Steven J. Smith  
W. Thomas Kellahin (via fax)

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2268

SANTA FE, NEW MEXICO 87504-2268

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 24, 1999

**VIA FACSIMILE**

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: *NMOCD Case 12131*

*Application of Santa Fe Energy Resources, Inc.  
for an unorthodox gas well location  
S/2 Sec 4, T23S, R34E  
Lea County, New Mexico.*

Dear Mr. Stogner:

On behalf of Conoco Inc., an adversely affected interest owner,  
please enter our appearance in the referenced case in opposition to the  
applicant.

Very truly yours,



W. Thomas Kellahin

*ccx: James Bruce, Esq.*

*Attorney for Santa Fe Energy Resources, Inc.  
Conoco Inc.*

*Attn: Jimmy D. Carlile*

*MS*

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 4, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

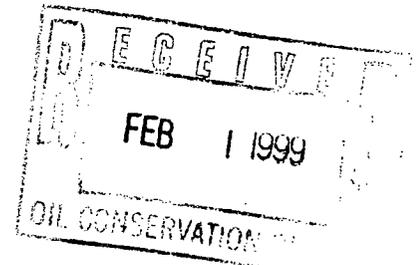
Dockets Nos. 8-99 and 9-99 are tentatively set for March 18, and April 1, 1999. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

- CASE 12131:** Application of Santa Fe Energy Resources, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to drill its Rio Blanco Federal Com. Well No. 2 at an unorthodox Morrow gas well location 660 feet from the South and West lines (Unit M) of Section 4, Township 23 South, Range 34 East, located approximately four miles west-northwest of the San Simon Sink. The S/2 of Section 4 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit in either the Undesignated North Bell Lake-Morrow Gas Pool or Undesignated Antelope Ridge-Morrow Gas Pool.
- CASE 12101:** Continued from February 4, 1999, Examiner Hearing.
- Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations underlying the N/2, for all formations developed on 320-acre spacing in Section 7, Township 19 South, Range 31 East. The unit is to be dedicated to its Red Cloud "7" Fed. Com. Well No. 1 to be drilled as a wildcat well to test the Morrow formation at a standard location 660 feet from the North line and 1980 feet from the West line of Section 7. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 11 miles northwest of Halfway, New Mexico
- CASE 12132:** Application of Nearburg Exploration Company, L.L.C. for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of hydrocarbons from the Strawn formation to include the NE/4 of Section 15, Township 16 South, Range 32 East. Applicant also seeks the issuance of special rules for this new pool including provisions for 160-acre spacing and special well location requirements. This area is located approximately 5 miles north of Maljamar, New Mexico.
- CASE 12104:** Continued from January 21, 1999, Examiner Hearing.
- Application of Harvard Petroleum Corporation for compulsory pooling, Roosevelt County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the following described acreage in Section 5, Township 5 South, Range 37 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) thereby forming a standard 319.09-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes only the Bluiitt-San Andres Associated Pool; the SW/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 E/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes only the Bluiitt-San Andres Associated Pool; and, the SE/4 SW/4 (Unit N) to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. All four of these units are to be dedicated to the applicant's proposed Williams Well No. 1 to be drilled 990 feet from the South line and 1650 feet from the West line (Unit N) of Section 5 being a standard well location for the proposed 319.09, 160, and 40-acre spacing and proration units but an unorthodox oil well location for the proposed 80-acre oil spacing and proration unit. 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 the operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately one mile north by east of Bluiitt, New Mexico.
- CASE 12133:** Application of Sagu Petroleum L.L.C. for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Crossroads Siluro-Devonian Unit for an area comprising 800 acres of fee lands in Sections 27 and 34 of Township 9 South, Range 36 East, which is located approximately 6 miles east of Crossroads, New Mexico.
- CASE 12134:** Application of OXY USA Inc. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 2450 feet below the surface to 12,260 feet (base of the Morrow formation) underlying the following described acreage in Irregular Section 19, Township 18 South, Range 29 East, in the following manner: the S/2 equivalent to form a non-standard 303.37-acre spacing and proration unit consisting of the SE/4, E/2 SW/4, and Lots 3 and 4 for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include the Dog Canyon-Strawn Gas Pool or the Crow Flats-Morrow Gas Pool. The unit is to be dedicated to its Bobcat Federal Well No. 1 to be drilled and completed at a standard gas well location in Unit N of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in drilling this well. This unit is located approximately 17 miles southeast of Artesia, New Mexico.
- CASE 12037:** Readvertised - Continued from February 18, 1999, Examiner Hearing.
- Application of Yates Petroleum Corporation for pool contraction, pool extension and special pool rules, or in the alternative, simultaneous dedication, Lea County, New Mexico. Applicant seeks contraction and extension of the boundaries of the North Shoe Bar-Atoka Gas Pool to conform to the acreage dedicated to the wells therein, and the promulgation of Special Pool Rules which authorize a second well on each standard spacing and proration unit in the pool. In the alternative, applicant seeks authorization to simultaneously dedicate its Brunson "AQK" State Com Well No. 1 located 2260 feet from the North line and 1795 feet from the East line and its Big Flat "ASN" State Com. Well No. 1 located 1650 feet from the South line and 1980 feet from the East line, both in Section 10, Township 16 South, Range 35 East, to a standard gas spacing unit comprised of the E/2 of Section 10 in the North Shoe Bar-Atoka Gas Pool. Said wells are located approximately 6 miles west of Lovington, New Mexico.

January 28, 1999

**Fax to: 505-827-1389**

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



RE: Santa Fe Energy Resources, Inc.  
Application for Administrative Approval  
Rio Blanco "4" Fed. Com Well No. 2  
660' FSL & FWL  
Section 4-T23S-R34E, NMPM  
Lea County, New Mexico

Dear Mr. Stogner:

Kaiser-Francis Oil Company (Kaiser) owns a significant working interest in the North Bell Lake Unit operated by Conoco that offsets Santa Fe Energy Resources, Inc.'s (Santa Fe) proposed location exception in Section 4. Kaiser, upon review of this application, announces our opposition to the approval of this application by the New Mexico Oil Conservation Division. This location is an attempt to "corner shoot" reserves which underlie the North Bell Lake Unit and, therefore, the application should be denied. Please advise when this application will be scheduled for a formal hearing.

Very truly yours,

KAISER-FRANCIS OIL COMPANY

James T. Wakefield

JTW:lhr

cc: Wayne Fields

**JAMES BRUCE**  
Attorney at Law  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Telephone: (505) 982-2043  
Fax: (505) 982-2151



FAX COVER SHEET

DELIVER TO: Lori Wrotenbery  
COMPANY: Oil Conservation Division  
CITY: Santa Fe, New Mexico  
FAX NUMBER: 827-8177  
NUMBER OF PAGES: 2 (Including Cover Sheet)  
DATE SENT: 3/8/99  
MEMO:

CONFIDENTIALITY NOTICE

This transmission contains information which may be confidential and legally privileged. The information is intended only for the above-named recipient. If you are not the intended recipient, any copying or distribution of the information is prohibited. If you have received this transmission in error, please call us at the above number and return the document by United States mail. Thank you.

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

March 8, 1999

Via Fax and U.S. Mail

Lori Wrotenbery  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

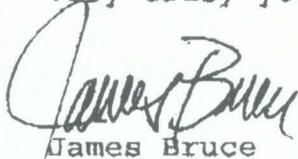
Re: Case 12131; Application of Santa Fe Energy Resources, Inc. for an unorthodox gas well location, Lea County, New Mexico

Case 12145; Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico

Dear Ms. Wrotenbery:

By letter dated March 1, 1999, I asked that Case 12131 be continued. The Division continued the case to the April 15th Examiner hearing. Case 12145 is set for the March 18th hearing. Because both cases involve the same land, I ask that both cases be continued to the April 1st Examiner hearing. The reason for this request is that the applicant has a drilling deadline in May 1999, and wishes both cases to be heard as soon as possible. Thank you for your consideration of this matter.

Very truly yours,



James Bruce

Attorney for Santa Fe  
Energy Resources, Inc.

cc: W. Thomas Kellahin (via fax)

*As per conversation with Rand & Jim,  
Case 12131 will be heard April 1 due to  
time restrictions, but will be on the  
April 15th docket. JH*





**Santa Fe Energy Resources, Inc.**

**VIA FAX AND U.S. MAIL**

**(918) 491-4387**

March 16, 1999

Kaiser-Francis Oil Company  
P. O. Box 21468  
Tulsa, Oklahoma 74121-1468

ATTN: Mr. Wayne Fields

Re: Unorthodox Gas Well Location  
Rio Blanco "4" Fed COM well No. 2  
660' PSL & 660' FWL, Sec. 4, T-23-S, R-34-E  
Lea County, New Mexico  
SFERI Contract No. NM-30,256-002

Gentlemen:

Reference is made to Santa Fe Energy Resources, Inc.'s request for administrative approval of the referenced unorthodox well location. As you know Kaiser-Francis Oil Company, Amerada Hess Corporation and Conoco Inc. each filed objections to the proposed location. Amerada Hess has agreed in writing to grant a waiver and Conoco has verbally agreed to do so as well.

In an effort to reach a mutually acceptable compromise, Santa Fe hereby offers a guarantee that, in exchange for a waiver from Kaiser-Francis of Santa Fe's unorthodox location in Section 4, Santa Fe will (i) grant a waiver of a mirror unorthodox location for the drilling of a Morrow test in Section 5, T-23-S, R-34-E, Lea County, New Mexico, and (ii) provide Kaiser-Francis copies of all logs and tests run and acquired in connection with the drilling of Santa Fe's Rio Blanco "4" Fed COM well No. 1 along with daily drilling reports and copies of all logs and tests run and acquired in connection with drilling the Rio Blanco "4" Fed COM well No. 2. Kaiser-Francis shall not show or provide copies of such daily drilling reports, logs and/or test results to any third party without Santa Fe's prior written consent.

To indicate your acceptance, please sign both copies of this letter and return one to the undersigned. Please also provide the names and phone numbers of the persons to receive the daily drilling reports and logs. My direct phone number is (915) 686-6712 and my fax number is (915) 686-6714. Please feel free to call.

Very truly yours,

**SANTA FE ENERGY RESOURCES, INC.**

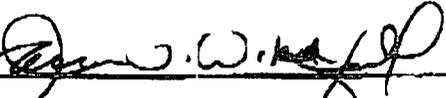
Steven J. Smith  
Senior Staff Landman

Central Division  
590 W Texas Suite 1330  
Midland, Texas 79701  
915/687-3581

Kaiser-Francis Oil Company  
Waiver of Unorthodox Well Location  
Rio Blanco 4" Fed COM #2  
March 16, 1999  
Page 2

ACCEPTED AND AGREED TO  
this 16 day of March, 1999.

KAISER-FRANCIS OIL COMPANY

By:   
Title: Reservoir Engineering Manager

Attachment  
Kaiser001.doc



**Santa Fe Energy Resources, Inc.**

**VIA FAX AND U.S. MAIL**  
(713) 609-4998

March 3, 1999

Amerada Hess Corporation  
500 Dallas, Level 2  
Houston, Texas 77002  
Attn.: Mr. Raymond L. Wickert

Re: Unorthodox Gas Well Location  
Rio Blanco "4" Fed COM well No. 2  
660' FSL & 660' FWL, Sec. 4, T-23-S, R-34-E  
Lea County, New Mexico  
SFERI Contract No. - NM 30,256-002

Dear Mr. Wickert:

Reference is made to Santa Fe Energy Resources, Inc.'s request for administrative approval of the referenced unorthodox well location. As you know Amerada Hess Corporation, Conoco Inc. and Kaiser-Francis Oil Company each filed objections to the proposed location.

In an effort to reach a mutually acceptable compromise, Santa Fe hereby offers a guarantee that, in exchange for waivers from Amerada Hess, Conoco and Kaiser-Francis of Santa Fe's unorthodox location in Section 4, Santa Fe will (i) grant a waiver of a mirror unorthodox location for the drilling of a Morrow test in Section 5, T-23-S, R-34-E, Lea County, New Mexico, and (ii) provide Amerada Hess, Conoco and Kaiser-Francis with copies of all logs and tests run and acquired in connection with drilling the Rio Blanco "4" Fed COM well No. 2 within ~~six months~~ <sup>SFS 60 days</sup> of completion of said well.

To indicate your acceptance, please sign both copies of this letter and return one to the undersigned. My direct phone number is (915) 686-6712 and my fax number is (915) 686-6714. Please feel free to call.

Very truly yours,

**SANTA FE ENERGY RESOURCES, INC.**

*Steven J. Smith*  
Steven J. Smith  
Senior Staff Landman

ACCEPTED AND AGREED TO  
this 3<sup>rd</sup> day of March, 1999.

**AMERADA HESS CORPORATION**

By: *Raymond L. Wickert*

Title: *Attorney-in-fact*

Attachment  
Amerada002.doc

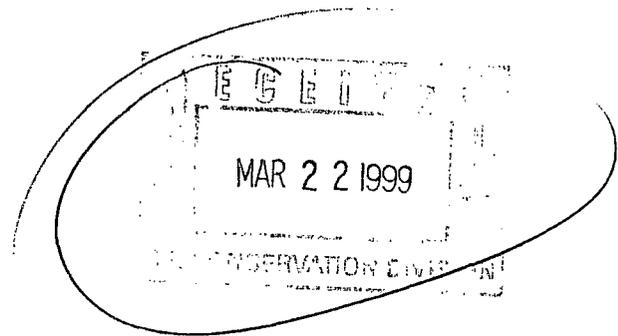
Central Division  
990 W. Texas Suite 1330  
Midland, Texas 79701  
915/627-3881

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)



March 20, 1999

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Renewed administrative application of Santa Fe Energy Resources, Inc. ("Santa Fe") for approval of an unorthodox gas well location:

Rio Blanco "4" Fed. Com. Well No. 2  
660 feet FSL & 660 feet FWL  
S½ §4, Township 23 South, Range 34 East, NMPM  
Lea County, New Mexico

Dear Mr. Stogner:

An administrative application for the above well was filed on January 8, 1999. Due to written objections filed with the Division by Conoco Inc., Kaiser-Francis Oil Company, and Amerada Hess Corporation, the matter was set for hearing (Division Case No. 12131). Santa Fe has now obtained waivers to the location from all objecting parties (copies enclosed). As a result, Santa Fe re-submits the application for ~~administrative~~ approval. If the application can now be processed administratively, Santa Fe also requests that Case No. 12131 be dismissed.

Please call me if you have any questions. Thank you.

Very truly yours,

  
James Bruce

Attorney for Santa Fe  
Energy Resources, Inc.

cc: Steven J. Smith  
W. Thomas Kellahin