



## Santa Fe Energy Resources, Inc.

Paul R. Baker  
Division Manager, Production

November 1, 1994

New Mexico Department of Energy,  
Minerals, and Natural Resources  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

Attention: Mr. David Catanach, Examiner

Subject : **Surface & Lease Commingling, Off-lease Storage  
Indian Basin (Upper Penn Associated) Pool  
Eddy County, New Mexico**

Dear Mr. Catanach,

Santa Fe Energy Operating Partners, L.P. respectfully requests administrative approval to commingle production from the following seven leases into a common tank battery.

<u>Fed Lse No</u>	<u>Lease Name</u>	<u>Location</u>	<u>Formation</u>
NM-76944 NM-88092 NM-89143 Fee Leases	Pan Am Pardue "ALZ" Fed Com	27-21S-24E	Upper Penn
NM-53218 Fee Leases	Righthand Canyon "34" Fed Com	34-21S-24E	Upper Penn
NM-83037	Jones Canyon "4" Fed	04-22S-24E	Upper Penn
NM-81217 NM-78214	Nagooltee Peak "5" Fed Com	05-22S-24E	Upper Penn
NM-81219	Old Ranch Canyon "7" Fed	07-22S-24E	Upper Penn
NM-81220	Old Ranch Knoll "8" Fed (N/2)	08-22S-24E	Upper Penn
NM-83552 NM-81220 NM-78214	Old Ranch Knoll "8" Fed Com (S/2)	08-22S-24E	Upper Penn

**Application for Surface Commingling, Off-Lease Storage and Measurement, cont.**  
**November 1, 1994**

A map (**Exhibit 1**) is enclosed showing Federal lease numbers and location of all leases which will contribute production to the proposed commingling and common storage facility. All unitized and/or communitized areas are clearly illustrated. Currently, there are 1 to 2 producing wells on each lease. These wells are noted in **Exhibit 1**. Over the next 2-3 years it is likely that as many as eight wells will be drilled and produced per section. The central storage and measuring facility is to be located in the **NE/4 of the SW/4 of Section 8 - T22S - R24E**, on Federal Lease Number **NM-83552**, Eddy County, New Mexico.

The purpose of the off-lease storage and surface commingling is to reduce operating costs for storage, treating, and handling, thereby extending the economic life of each well. Without approval, it would be necessary to build stand-alone facilities at each well.

Schematic diagrams (**Exhibits 2, 3, & 4**) are attached which clearly identify the equipment and concept to be utilized for measurement, off-lease storage, and commingling operations. They are submitted in accordance with the Oil Conservation Division's Rules 303-B, 309-B, and 309-C. Details of the proposed method for allocating production to contributing sources are as follows:

Each of six (6) proposed satellite batteries\* will be equipped with a header system, a test separator with oil, water, and gas measurement devices, a three-phase production separator, oil and water transfer pumps, turbine flow meters to measure total oil and water production from the satellite, and an orifice meter equipped with a gas flow analyzer.

The central battery will contain two (2) heater-treaters, oil and water storage tanks, a skim tank and accompanying skimmed-oil tank, a LACT unit, a produced water master meter (turbine), and a master orifice meter with a chart recorder or gas flow analyzer. Compression facilities will also be located at the central battery site.

Oil, water, and gas measurements will be made continuously at each satellite battery. These measured volumes, totalled monthly, will be used to allocate oil and gas sales volumes at the central battery back to each contributing lease. In addition, disposed water volumes will be allocated back to the leases to calculate proportionate shares of water disposal charges. Because each satellite facility will have identical measurement devices, we expect very accurate production allocations.

\* The proposed satellite battery in Section 8 will operate as a "split system" in order to separately and continuously measure production from the South half (a communitized lease) and the North half (not a communitized lease) of the section.

**Application for Surface Commingling, Off-Lease Storage and Measurement, cont.**  
**November 1, 1994**

All interest owners in affected leases have been notified of the commingling and off-lease storage proposal. Names and addresses for each are contained in **Exhibit 5**. Also included is the application for commingling and off-lease storage to the BLM (**Exhibit 6**).

Project start-up is expected toward the end of November. We appreciate your attention to this matter. Should you have any questions or need further information, please call me at (915) 686-6709.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Rogers", with a stylized flourish at the end.

Don Rogers  
Project Manager - CISCO Asset Area

# EAST INDIAN BASIN CENTRAL & SATELLITE BATTERIES

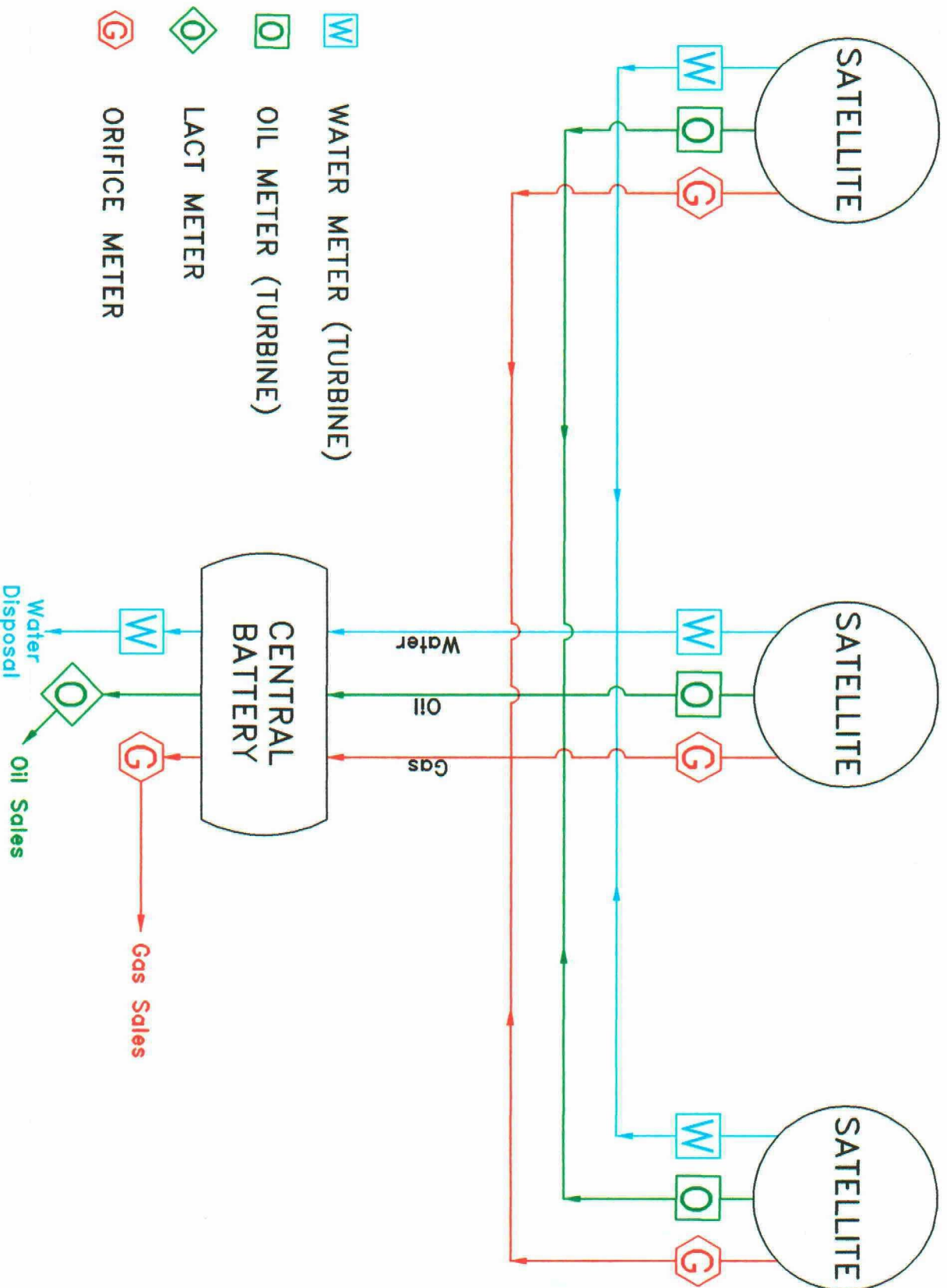
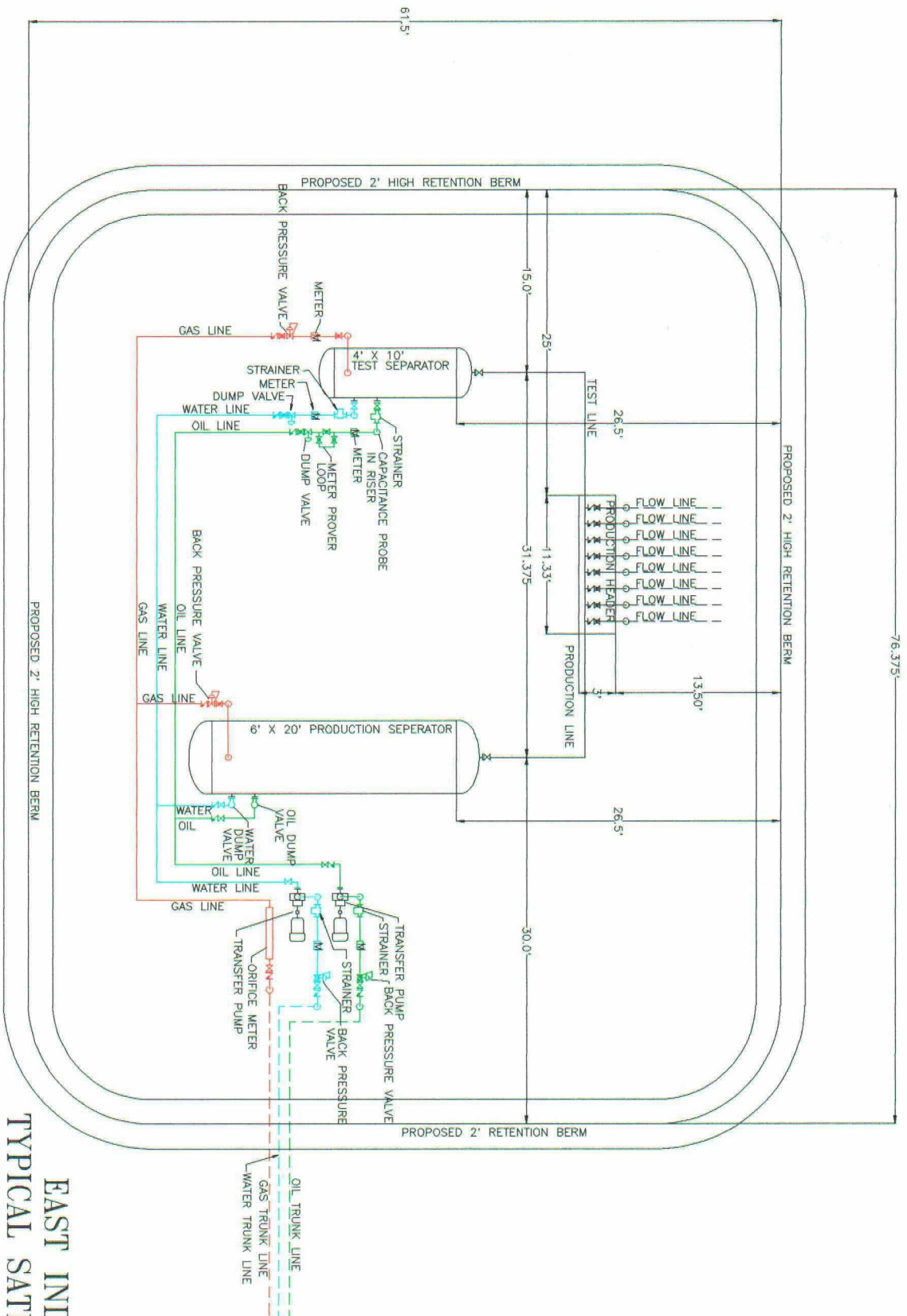


EXHIBIT 4





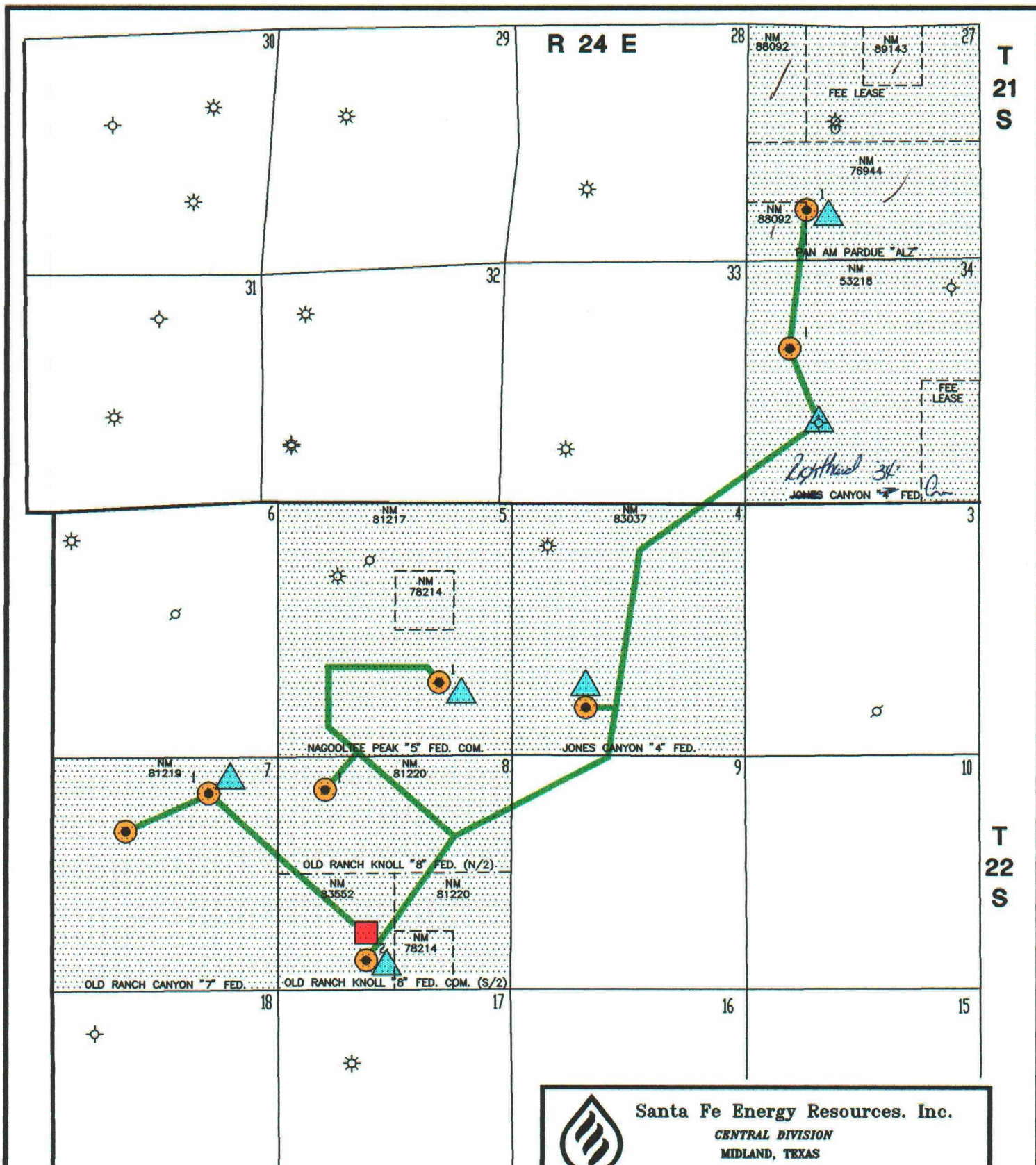
NOT TO SCALE

# EAST INDIAN BASIN TYPICAL SATELLITE LAYOUT EDDY COUNTY, N.M.

EXHIBIT 2

JULY 11, 1984  
E.P.S. JOB NO. 94-035





**AFFECTED LEASES**  
(FEDERAL LEASE NUMBERS NOTED)



**PROPOSED CENTRAL BATTERY**



**AFFECTED WELLS**



**PROPOSED SATELLITE BATTERIES**  
(LOCATED ON WELL PAD)



**PROPOSED GATHERING SYSTEM**  
(APPROXIMATE ROUTE)



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

East Indian Basin Area

Eddy County, New Mexico

## CENTRAL & SATELLITE BATTERY SYSTEM

**EXHIBIT 1**

Eng. By: Don Rogers  
Scale: 1"=3000'

Date: 11-2-94

Name: SATBAT.DWG

File:

# Working & Royalty Interest Owner List

## Exhibit 5

Stephanie Aldemir  
2065 S. Norma Lane  
Anaheim, California 92802

AmSouth Bank, N. A.  
Natural Resources Department  
Minerals Section as Trustee  
u/w/o J.M. Phillips, deceased  
P. O. Box 11426  
Birmingham, Alabama 35202

Stacy Elizabeth Shafer Biebelle  
Skipworth Hart Shafer  
Patricia Shafer Lyman  
Queen Route  
Carlsbad, New Mexico 88220

Camterra Resources, Inc.  
306 W. Wall  
Suite 500  
Midland, Texas 79701

Carmex, Inc.  
P. O. Box 1718  
Carlsbad, New Mexico 88220

Christine Campos  
32772 Jonathon Circle  
Dana Point, California 92629

Bill Fenn  
P. O. Drawer 569  
Giddings, Texas 78942

Nell Arnold Handley  
Rt. 6, Box 87  
Hamilton, Alabama 35570

Robert Phillips Handley  
727 Cherry  
Missoula, Montana 59802

Kugeler Brothers  
4100 S. Bellaire St.  
Englewood, Colorado 80110

Merland, Inc.  
P. O. Box 548  
Carlsbad, New Mexico 88220

Pardue Farms, Inc.  
P. O. Box 2018  
Carlsbad, New Mexico 88221

Kathleen C. Robbins  
11172 Harcourt Avenue  
Garden Grove, California 92641

Ronald C. Robbins  
568 Sparkes Road  
Sebastapol, California 95476

Marilynn T. Spurr  
P. O. Box 356  
Carlsbad, New Mexico 88220

Earl J. Waters  
1209 West Ural  
Carlsbad, New Mexico 88220

Dena Louise Wilson &  
Mary Virginia Walker,  
Co-Trustees of the  
Leona L. Stagner Irrev. Trust  
1605 Live Oak Place  
Carlsbad, New Mexico 88220

Jerry Phillips Winfield  
c/o Dept. of Foreign Languages  
Mercer University  
Macon, Georgia 31207

James Melton Winfield  
108 Village Green  
Birmingham, Alabama 35215

Pamela Gay Winfield  
Patricia Lynn Winfield  
Penny Lee Winfield  
2112 Fifth Way Circle, NW  
Birmingham, Alabama 35215

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210



Form 3160-5  
(June 1990)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

5. Lease Designation and Serial No.

NM-83552

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Old Ranch Knoll 8 Fed Com

9. API Well No.

#2

30-015-27674

10. Field and Pool, or Exploratory Area

Assoc.

Indian Basin (Upper Penn

11. County or Parish, State

Eddy Co., NM

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

## SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Santa Fe Energy Operating Partners, L.P.

3. Address and Telephone No.

550 W. Texas, Suite 1330, Midland, TX 79701 (915) 687-3551

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

(N), 660' FSL &amp; 1980' FWL, Sec. 8, T-22S, R-24E

## 12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

## TYPE OF SUBMISSION

- ☒
- Notice of Intent
- 
- ☐
- Subsequent Report
- 
- ☐
- Final Abandonment Notice

## TYPE OF ACTION

- ☐
- Abandonment
- 
- ☐
- Recompletion
- 
- ☐
- Plugging Back
- 
- ☐
- Casing Repair
- 
- ☐
- Altering Casing
- 
- ☒
- Other Off lease measurement, surface commingling & lease commingling
- 
- ☐
- Change of Plans
- 
- ☐
- New Construction
- 
- ☐
- Non-Routine Fracturing
- 
- ☐
- Water Shut-Off
- 
- ☐
- Conversion to Injection
- 
- ☐
- Dispose Water
- 
- (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Please see attached form for surface commingling, off-lease storage, and measurement for the following wells

Old Ranch Knoll 8 Fed Com #2 - (N), Sec. 8, T-22S, R-24E  
Pan Am Pardue "ALZ" Fed Com #1 - (M), Sec. 27, T-21S, R-24E  
Righthand Canyon 34 Fed Com #1 - (E), Sec. 34, T-21S, R-24E  
Nagooltee Peak 5 Fed Com #1 - (J), Sec. 5, T-22S, R-24E  
Old Ranch Knoll 8 Fed #1 - (D), Sec. 8, T-22S, R-24ECentral battery location is in the NE/4 of the SW/4 of Section 8, T-22S, R-24E.  
See attached maps and facility design.

14. I hereby certify that the foregoing is true and correct

Signed

*D. L. Dyer*

Title

Sr. Engineer

Date

August 2, 1994

(This space for Federal or State office use)

Approved by

*Joe G. Lara*

Title

PETROLEUM ENGINEER

Date

8/24/94

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*See instruction on Reverse Side