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†FORMERLY COMPRISING THE FIRM OF
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September 16, 1994

HAND DELIVERY

16 1994

Mr. Jim Morrow
Oil Conservation Division
State Land Building
Santa Fe, New Mexico

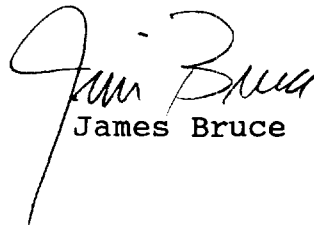
**Re: Case No. 11,077, the Application of Santa Fe Energy
Operating Partners, L.P. for Compulsory Pooling, etc.,
Lea County, New Mexico.**

Dear Mr. Morrow:

Enclosed for your information is a copy of the approved APD issued by the Bureau of Land Management regarding the well which is the subject of the above case.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

Enclosure

cc: W. Thomas Kellahin



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



IN REPLY REFER TO:

3160 (067)
NMLC-029512-C

September 12, 1994

CERTIFIED--RETURN RECEIPT REQUESTED
Z 730 246 056

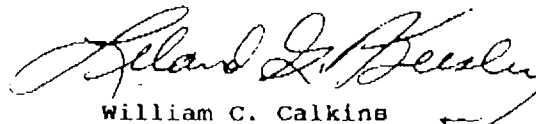
Santa Fe Energy Operating Partners, L.P.
Attention: Darrell Roberts
550 W. Texas, Suite 1330
Midland, TX 79701

RE: Sinagua "18" Federal Com Well No. 2
NMLC-029512-C
SHL: 2041' FSL & 2171' FEL, Sec. 18, T20S, R34E
BHL: 1300' FSL & 1300' FEL, Sec. 18, T20S, R34E
Lea County, New Mexico

Dear Mr. Roberts:

I have approved your application at the well location requested. A copy of the approved application with stipulations is enclosed. Please contact our Carlsbad Resource Area at (505) 887-6544, should you have any questions or if we can be of any additional help.

Sincerely,


William C. Calkins
State Director

1 Enclosure

OPERATOR'S COPY

SUBMIT IN TRIPLICATE*

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

3160-3
November 1983)
(formerly 9-331C)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1A. TYPE OF WORK DRILL ☒ DEEPEN ☐ PLUG BACK ☐		3. LEASE DESIGNATION AND SERIAL NO. LC-029512-C	
b. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER ☐		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Santa Fe Energy Operating Partners, L.P.		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR 550 W. Texas, Suite 1330, Midland, Texas 79701		8. FARM OR LEASE NAME Sinagua 18 Fed Com	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface (J), 1770' FSL and 1637' FEL, Sec. 18, T-20S, R-34E		9. WELL NO. 2	
At proposed prod. zone 1300' FSL & FEL, SEC. 18, T20S, R34E		10. FIELD AND POOL OR WELDCAT Quail Ridge (Morrow)	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 8 miles NE from Halfway Bar, New Mexico		11. SEC., T., R., M., OR S.E. AND SURVEY OR AREA Sec. 18, T-20S, R-34E	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit lde. if any) 1637'		12. COUNTY OR PARISH Lea	
16. NO. OF ACRES IN LEASE 40		13. STATE NM	
17. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 402'		14. NO. OF ACRES ASSIGNED TO THIS WELL 320	
18. PROPOSED DEPTH 13,700'		15. ROTARY OR CABLE TOOLS Rotary	
19. ELEVATIONS (Show whether DF, RT, CR, etc.) 3629.0' GR		16. APPROX. DATE WORK WILL START June 1, 1994	
20. CAPTION COMMENTS Capitan Comilla			

PROPOSED CASING AND CEMENTING PROGRAM

2-11-94 Details

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	20"	94.0	450'	750 sx to circulate
17-1/2"	13-3/8"	68.0	3,300'	2600 sx to circulate
11"	8-5/8"	32.0	5,200'	TOC @ 3100' (200' inside 13-3/8
7-7/8"	5-1/2"	17.0	13,700'	Stage collar @ 10,000'. TOC @ 4800'

We propose to drill to a depth sufficient to test the Morrow formation for gas. If productive, 5-1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- | | |
|-------------------------------------|---|
| Exhibit A - Operations Plan | Exhibit E - Topo Map of Location |
| Exhibit B - BOP and Choke Schematic | Exhibit F - Plat Showing Existing Wells |
| Exhibit C - Drilling Fluids Program | Exhibit G - Well Site Layout |
| Exhibit D - Auxiliary Equipment | H ₂ S Drilling Plan |

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Daniel Roberts TITLE Div. Drilling Engineer DATE April 24, 1994

(This space for Federal or State Office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY [Signature] TITLE Acting ASD DATE SEP 12 1994

CONDITIONS OF APPROVAL, IF ANY:

Approval Subject to
General Instructions and
Special Instructions
Relating to

*See Instructions On Reverse Side