

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION  
OF SANTA FE ENERGY RESOURCES, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 11294

**MOTION TO DISMISS**

Comes now PHILLIPS PETROLEUM COMPANY ("Phillips"), by its attorneys, Kellahin and Kellahin, enters its appearance in this case as an interested party in opposition to the Applicant and moves the Division to dismiss this case because the Applicant, Santa Fe Energy Resources, Inc., has violated Section 70-2-17(C) NMSA (1978) by instituting an application for compulsory pooling for a spacing unit one-half of which is already committed to another spacing unit and by filing said application prior to proposing the well;

And in Support States:

(1) On February 3, 1995, Santa Fe Energy Resources, Inc. ("Santa Fe") requested a term assignment of Phillips Petroleum Company's ("Phillips") interest in 480 acres in parts of Sections 21 and 27, T21S, R33E, NMPM, Lea County, New Mexico.

(2) On March 28, 1995, Phillips responded it was not interested in assigning its 480-acre interest to Santa Fe.

(3) On April 28, 1995, Santa Fe proposed the voluntary formation of a five (5) section exploratory unit including Phillips' 480-acres with the initial unit well to be drilled on Phillips' acreage in the SW/4 of Section 27. See Exhibit "A".

(4) However, at no time prior to May 9, 1995, did Santa Fe propose the formation of a single 320-acre gas spacing unit consisting of the W/2 Section 27 for a well **other** than as part of the five section exploratory unit or as part of a 480-acre assignment or farmout deal.

(5) On Tuesday, May 9, 1995, counsel for Santa Fe filed a Compulsory Pooling Application with the Division seeking to pool the W/2 of Section 27 as a 320-acre Morrow formation gas spacing unit in which Santa Fe controls 25 % (the N/2NW/4) and Phillips controls the remaining 75 % See Exhibit "B" attached.

(6) On Thursday, May 11, 1995, Santa Fe sent a letter to Phillips which is referenced "Abe Exploratory Unit" and in which Santa Fe again proposed the voluntary five section exploration unit or the inclusion of Phillips' interest as part of a multiple well program.

(7) On that same day, May 11, 1995, Santa Fe also sent notice to Phillips that Santa Fe had filed with the Division a compulsory pooling application for the W/2 of Section 27, T21S, R33E, NMPM, Lea County, New Mexico.

(8) The W/2 spacing unit for Section 27, for which Santa Fe seeks to have the Division issue a compulsory pooling order, is not available for pooling because the SW/4 of Section 27 has already been consolidated on a 100 % voluntarily basis and dedicated to a S/2 spacing unit for the drilling of Phillips' Phillips State Well No. 1 in Unit (N). See Exhibit "C" attached.

WHEREFORE Phillips Petroleum Company requests that the  
Division Hearing Examiner grant this motion and dismiss Oil Conservation  
Division Case 11294 because:

(a) The New Mexico "Statutory Unitization Act" (Section 70-7-1 through 70-7-21 NMSA (1978) is available only for secondary recovery and pressure maintenance projects and cannot be used for exploratory units;

(b) Section 70-2-17 NMSA (1978) is applicable only for those instances in which a spacing unit is available and the parties in that spacing unit cannot agree to pool their interests;

(c) In this case, the S/2 of Section 27 is already committed on a voluntarily basis for a well and therefore SW/4 cannot be made the subject of a W/2 compulsory pool case without violating the provisions of Section 70-2-17 NMSA (1978);

(d) Santa Fe filed its Compulsory Pooling Application prior to properly proposing the subject well as part of a single spacing unit; and

(e) Contrary to the custom and practice before the Division and in violation of Section 70-2-17 (c) NMSA (1978), Santa Fe has instituted compulsory action against Phillips seeking to form a spacing unit which cannot be approved by compulsory pooling



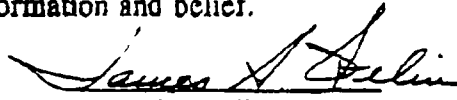
W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

Reese B. Copeland, Esq.  
Phillips Petroleum Company  
4001 Penbrook, Suite 216  
Odessa, Texas 79762-5972

VERIFICATION

State of Texas                    )  
  )ss.  
County of Midland                )

Comes now James S. Welin, being first duly sworn, upon his oath deposes and states: That he is the Petroleum Land Manager for Phillips Petroleum Company, Odessa, Texas, that he has read the foregoing pleadings and know the contents thereof, and that the same is true and correct of this own knowledge, information and belief.

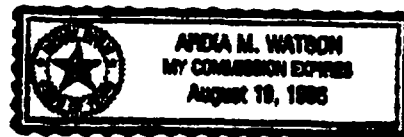
  
James S. Welin

SUBSCRIBED AND SWORN to before me by James S. Welin, who personally appeared before me this 24<sup>th</sup> day of May, 1995.

  
Notary Public

My Commission Expires: Aug. 19, 1996

Seal



CERTIFICATE OF SERVICE

I certify that a copy of this pleading was transmitted by facsimile to counsel for applicant this 26th day of May, 1995.

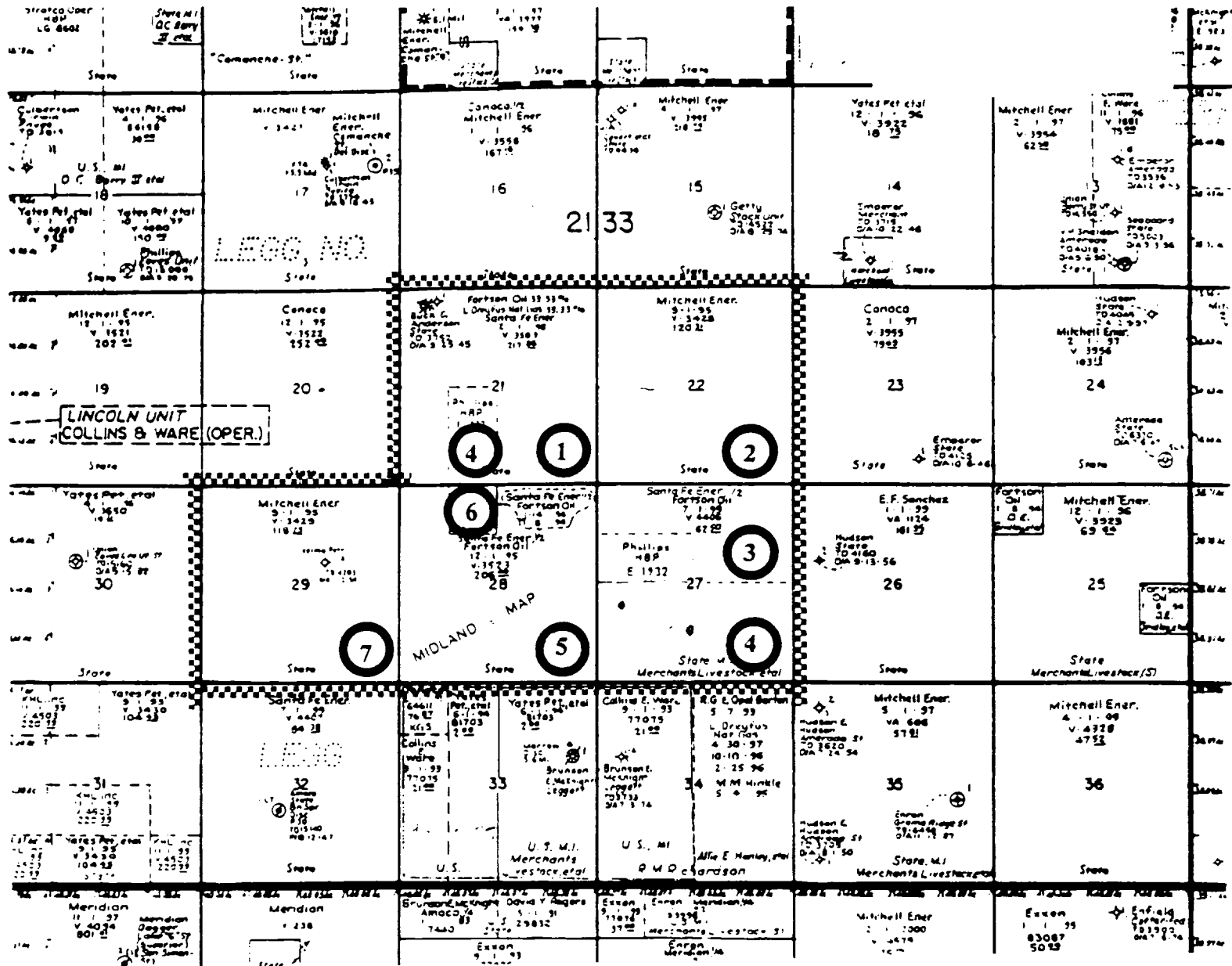
  
W. Thomas Kellahin

# Exhibit "A"

Santa Fe Energy Resources, Inc.

ABE UNIT

LEA CO., N.M.

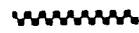


LAND

ACRES

State

3160



Unit Outline

Fee

40



Tract Numbers as  
Listed on Exhibit "B"

Total

3200

CAMPBELL, CARR & BERGE, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDWEERT  
TANYA M. TRUJILLO  
TANNIS L. FOX

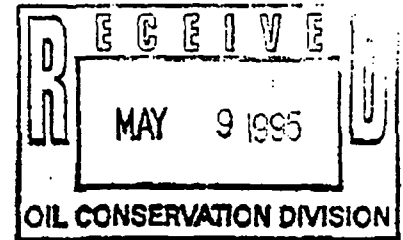
JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

May 9, 1995

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



11294

Re: Application of Santa Fe Energy Resources, Inc., for Compulsory Pooling,  
Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Santa Fe Energy Resources, Inc., in the above-referenced case as well as a copy of a legal advertisement. Santa Fe Energy Resources, Inc. respectfully requests that this matter be placed on the docket for the June 1, 1995 Examiner hearings.

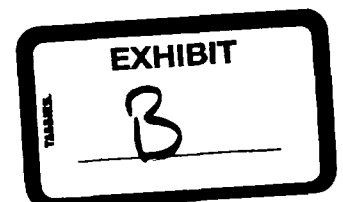
Very truly yours,

A handwritten signature in cursive script, appearing to read "Tanya Trujillo".

TANYA M. TRUJILLO

Enclosures

cc: Jim Bruce  
Danita R. Walker



District I  
 PO Box 1588, Hobbs, NM 88241-1588  
 District II  
 PO Drawer DD, Artesia, NM 88211-4719  
 District III  
 1000 Rio Grande Rd., Aztec, NM 87410  
 District IV  
 PO Box 2888, Santa Fe, NM 87504-2888

Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
**P.O. Box 2088**  
**Santa Fe, NM 87504-2088**

Revised February 10, 1995  
 Instructions on back.  
 Submit to Appropriate District Office:  
 State Lease - 6 Copies  
 Fee Lease - 5 Copies

☒ **AMENDED REPORT**

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator name and Address <b>Phillips Petroleum Company</b> <b>4001 Penbrook Street</b> <b>Odessa, TX 797962</b>		<sup>2</sup> OGRID Number <b>017643</b>
		<sup>3</sup> API Number <b>30-0</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>PHILLIPS-STATE</b>	<sup>6</sup> Well Number <b>1</b>

<sup>7</sup> Surface Location									
UL of lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
<b>N</b>	<b>27</b>	<b>21S</b>	<b>33E</b>		<b>990'</b>	<b>SOUTH</b>	<b>1980'</b>	<b>WEST</b>	<b>LEA</b>

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface									
UL of lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1					<sup>10</sup> Proposed Pool 2				
<b>LEGG ATOKA-MORROW</b>									

<sup>11</sup> Work Type Code <b>N</b>	<sup>12</sup> Well Type Code <b>G</b>	<sup>13</sup> Cable/Rotary <b>R</b>	<sup>14</sup> Lease Type Code <b>S</b>	<sup>15</sup> Ground Level Elevation <b>3707'</b>
<sup>16</sup> Multiple <b>NO</b>	<sup>17</sup> Proposed Depth <b>15000'</b>	<sup>18</sup> Formations <b>MORROW</b>	<sup>19</sup> Contractor <b>ADVISE LATER</b>	<sup>20</sup> Spud Date <b>10-1-95</b>

<sup>21</sup> Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
<b>17-1/2"</b>	<b>13-3/8"</b>	<b>48#</b>	<b>1600'</b>	<b>1720 SX</b>	<b>SURFACE</b>
<b>12-1/4"</b>	<b>9-5/8"</b>	<b>40#</b>	<b>3400'</b>	<b>660 SX</b>	<b>SURFACE</b>
<b>8-1/2"</b>	<b>7"</b>	<b>26#</b>	<b>12000'</b>	<b>850 SX</b>	<b>4700'</b>
<b>5-7/8"</b>	<b>4-1/2"</b>	<b>13.5#</b>	<b>11700'-15000'</b>	<b>360 SX</b>	<b>11400'</b>

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

**USE MUD ADDITIVES AS NEEDED FOR CONTROL.**  
**BOP - SEE ATTACHED SCHEMATIC**



<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>L.M. Sanders</i>		<b>OIL CONSERVATION DIVISION</b>	
Printed name: <b>L. M. SANDERS</b>		Approved by:	
Title: <b>REGULATION SPECIALIST</b>		Title:	
Date: <b>5/18/95</b>		Approval Date:	
Phone: <b>915/368-1488</b>		Expiration Date:	
Conditions of Approval: Attached <input type="checkbox"/>			

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form O-100  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
PO BOX 2088, SANTA FE, NM 87504-2088

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	80120	LEGG ATOKA - MORROW
Property Code	Property Name	Well Number
	PHILLIPS STATE	1
OGRID No.	Operator Name	Elevation
017643	PHILLIPS PETROLEUM COMPANY	3695

#### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	21 S	33 E		990	SOUTH	1980	WEST	LEA

#### Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320 AC			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

D	C	B	A	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  <u>L. M. Sanders</u> Signature  L. M. Sanders Printed Name  REGULATION SPECIALIST Title  MAY 18, 1995 Date
E	F	G	H	
L	K	J	I	
M	N	O	P	<b>SURVEYOR CERTIFICATION</b>  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  MAY 8, 1995 Date Surveyed  Signature & Seal of Professional Surveyor  <u>Ronald E. Eidsen</u> W.O. No. 95-13-0756 Certificate No. JOHN W. WEST 676 RONALD E. EIDSON 3239 MARY EIDSON 1264

EXHIBIT

C-2