

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC. FOR AN
UNORTHODOX LOCATION, EDDY COUNTY,
NEW MEXICO

Case No. 11385
Order No. R-10467

MOTION TO REOPEN CASE
OR, IN THE ALTERNATIVE,
APPLICATION FOR HEARING DE NOVO

Santa Fe Energy Resources, Inc. ("Santa Fe") hereby requests that the Division reopen Case No. 11385, or in the alternative Santa Fe requests a hearing de novo pursuant to N.M. Stat. Ann. (1995 Repl. Pamp.) § 70-2-13. The basis of this request is the failure of Texaco Exploration and Production Inc. ("Texaco") to give proper notice of the application in this case. In support of its request, Santa Fe states:

Santa Fe Was Not Notified of the Application

1. In Case No. 11385, Texaco requested an unorthodox location for its Dow "B-28" Fed. Well No. 1, to be located 1028 feet FSL and 1227 feet FEL of Section 28, Township 17 South, Range 31 East, N.M.P.M. Texaco requested a SE $\frac{1}{4}$ SE $\frac{1}{4}$ unit for the Devonian formation and a S $\frac{1}{2}$ unit for the Morrow formation. This application was granted by Order No. R-10467.

2. Notification of the hearing was purportedly given to interest owners in the W $\frac{1}{2}$ of Section 34, Township 17 South, Range 31 East, as indicated on Texaco Exhibit No. 1 introduced at the hearing, a copy of which is attached hereto.

3. Santa Fe owns an interest in the NW $\frac{1}{4}$ and W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 34 as to the Morrow formation. This interest is

evidenced by assignments filed in the records of the Bureau of Land Management, and recorded with the County Clerk of Eddy County at Book 88, page 979. See, e.g., Exhibit A attached hereto (Transfer of Operating Rights from Amoco Production Company to Santa Fe Energy Operating Partners, L.P.¹ filed with the BLM).

4. Despite its interest of record, Santa Fe was not notified by Texaco of the application, and thus notice was deficient under Division Rule 1207.

**Texaco Notified Interest Owners
In the Wrong Proration Unit.**

5. The S½ of Section 34 is dedicated to the Harvey E. Yates Company Mesquite 34 Fed. Well No. 1, which is a Morrow well.

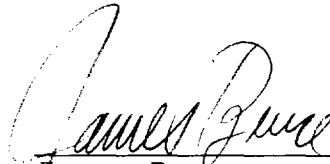
6. As a result of the S½ Morrow unit, Texaco should have notified interest owners in the N½ of Section 34 rather than the W½ of Section 34. It did not do so and, therefore, notice of the application was deficient.

WHEREFORE, Santa Fe requests the Division to reopen Case No. 11385 or, in the alternative, to grant Santa Fe a hearing de novo.

¹ Santa Fe is the successor-in-interest to Santa Fe Energy Operating Partners, L.P.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, P.L.L.C., Ltd., Co.

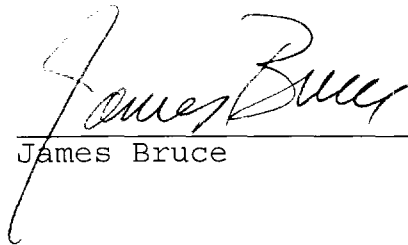


James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion to Reopen Case or, in the Alternative, Application for a Hearing De Novo was sent via facsimile this 20th day of October, 1995, to:

William F. Carr, Esq.
Campbell, Carr, Berge
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Facsimile Number: 983-6043



James Bruce

**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11385 Exhibit No. 1

Submitted by: Texaco Exploration and Production Inc.

Hearing Date: September 21, 1995

Offset Operator Report
Dow "B" Federal "28" No. 1
T-17-S, R-31-E, NMPM
(Morrow - Devonian Formations)
Eddy County, New Mexico
August 21, 1995

W/2 of Section 34

Harvey E. Yates Company
Spiral, Inc.
Explorers Petroleum Corporation
Heyco Employees, Ltd.
P. O. Box 1933
Roswell, New Mexico 88202

Yates Energy Corporation
Yates-McMinn Drilling Venture 1984-1
1010 Sunwest Centre
Roswell, New Mexico 88202

Jalapeno Corporation
P. O. Box 1608
Albuquerque, New Mexico 87103

Edward R. Hudson, Jr. and William
A. Hudson, II Trustees of the
Edward R. Hudson Trusts, 1,2,3
Francis H. Hudson
Delmar Hudson Lewis
616 Texas Street
Fort Worth, Texas 76102

Mary Hudson Ard, Trustee of the
Edward R. Hudson Trust 4
4808 Westridge
Fort Worth, Texas 76116

Moore & Shelton Company, Ltd.
Donald B. Moore
P. O. Box 3070
Galveston, Texas 77552

Offset Operator Report
Dow "B" Federal "28" No. 1
T-17-S, R-31-E, NMPM
(Morrow - Devonian Formations)
Eddy County, New Mexico
August 21, 1995
Page 2

Section 29

Atlantic Richfield Company
P.O. Box 1610
Midland, Texas 79702

Burns Leasing Corp.
P. O. Box 97525
Wichita Falls, Texas 76301

J. E. Taubert
719 Scott Ave., Suite 930
Wichita Falls, Texas 76301

Leota K. Steed
719 Scott Ave., Suite 930
Wichita Falls, Texas 76301

Luxe Energy Corp.
P. O. Box 50968
Midland, Texas 79710

E/2 Section 32

Harvey E. Yates Company
Spiral, Inc.
Explorers Petroleum Corporation
Heyco Employees, Ltd.
P. O. Box 1933
Roswell, New Mexico 88202

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: August 31, 1989

TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Lease Serial No

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

LC 070003

Type or print plainly in ink and sign in ink.

PART A: TRANSFER
Transferor (Sublessee) Santa Fe Energy Operating Partners, L.P.
Street 550 West Texas, Suite 1330
City, State, ZIP Code Midland, TX 79701

If more than one transferee, check here ☐ and list the name(s) and address(es) of all additional transferees on the reverse of this form or on a separate attached sheet of paper.

This transfer is for (Check one) ☒ Oil and Gas Lease, or ☐ Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) ☒ Operating Rights (sublease) ☐ Overriding Royalty, payment out of production or other similar interests or payments

This transfer (sublease) conveys the following interest:

Land Description	Percent of Interest			Percent of Overriding Royalty or Similar Interest	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.					

T-17-S, R-31-E, Eddy County, New Mexico

18.75959% 9.379795% 9.379795% *7.5% **

Section 34: NW/4, W/2 NE/4 only as to rights between 5500' and 12,674'

Section 35: E/2, E/2 W/2, NW/4 NW/4, SW/4 SW/4 only as to rights between 5500' and 12,674'



*Subject to proportionate reduction to the interest conveyed herein, the net result being a .703485% ORRI reserved to Transferor.

A653502

**Any ORI previously reserved does not affect the interest of Transferor or Transferee.

BLM RECOGNIZES THE ASSIGNMENT OF INTEREST, BUT THE CONDITIONS OF THE AGREEMENT.

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

THE UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

X Transfer approved effective MAR 1 1991

By

(Authorized Officer)

BLM LEASE MAINTENANCE UNIT

(Title)

APR 10 1991

(Date)

A653503

PART B: CERTIFICATION AND REQUEST FOR APPROVAL

The transferor certifies as owner of an interest in the above designated lease that he/she hereby transfers to the above transferee(s) the rights specified above.

2. Transferee certifies as follows: (a) Transferee is a citizen of the United States, an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the transfer of NPR-A leases, transferee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations; (b) Transferee is not considered a minor under the laws of the State in which the lands covered by this transfer are located; (c) Transferee's chargeable interests, direct and indirect, in either public domain or acquired lands, do not exceed 200,000 acres in oil and gas options or 246,080 in oil and gas leases in the same State, or 300,000 acres in leases and 200,000 acres in options in each leasing District in Alaska; if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920 or 51,200 acres in any one state if this is a geothermal lease; and (d) All parties holding an interest in the transfer are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts.
- (e) Transferee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Transferee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Transferee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein. Applicable terms and conditions include, but are not limited to, an obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any operations as described in the lease, and to furnish and maintain such bond as may be required by the lessor pursuant to regulations 43 CFR 3104, 3134, or 3206.

For geothermal transfers, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty in the United States when this transfer is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 4TH day of JANUARY, 19 91

Name of Transferor Amoco Production Company
(Please type or print)

Transferor _____
(Signature)

or _____
Attorney-in-Fact

WILLIAM T. HALE (Signature)

2000000000
(Transferor's Address)

Houston Texas 77253
(City) (State) (Zip Code)

Executed this 7TH day of February, 19 91

SANTA FE ENERGY OPERATING PARTNERS, L.P.
By: Santa Fe Pacific Exploration Company

Transferee Managing General Partner

or _____
Attorney-in-Fact

T. S. Parker (Signature)

T. S. Parker, Attorney-in-Fact



SEM
100

Title 18 U.S.C. Sec. 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.

ILLEGIBLE

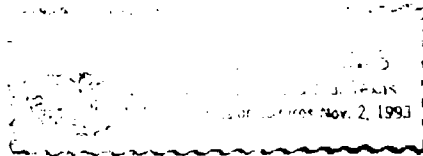
STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on this 4th day of Jan,
1999, by WILLIAM I. HALE, Attorney-in-Fact of AMOCO
PRODUCTION COMPANY, a Delaware corporation, on behalf of said corporation.

My Commission Expires:

Harley B. Barnes
Notary Public



A653504