

# HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (1901-1985)  
W. E. BONDURANT, JR. (1913-1973)  
ROY C. SNODGRASS, JR. (1914-1987)

OF COUNSEL  
O. M. CALHOUN\*  
MACK EASLEY  
JOE W. WOOD  
RICHARD S. MORRIS

WASHINGTON, D.C.  
SPECIAL COUNSEL  
ALAN J. STATMAN\*

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

2800 CLAYDESTA CENTER  
6 DESTA DRIVE  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

1700 TEAM BANK BUILDING  
POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800  
POST OFFICE BOX 2043  
ALBUQUERQUE, NEW MEXICO 87103  
(505) 768-1500  
FAX (505) 768-1529

LEWIS C. COX  
PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
ERIC D. LANPHERE  
C. D. MARTIN  
ROBERT P. TINNIN, JR.  
MARSHALL G. MARTIN  
OWEN M. LOPEZ  
DOUGLAS C. LUNSFORD  
JOHN J. KELLY  
NICHOLAS J. NOEDING  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD\*  
RICHARD E. OLSON  
RICHARD R. WILFONG\*  
THOMAS J. MCBRIDE  
JAMES J. WECHSLEP  
NANCY S. CUSACK  
JEFFREY L. FORNACIARI  
JEFFREY D. HEWETT  
JAMES BRUCE  
JERRY F. SHACKELFORD\*  
JEFFREY W. HELLBERG\*  
ALBERT L. PITTS  
THOMAS M. HNASKO  
JOHN C. CHAMBERS\*  
GARY D. COMPTON\*  
MICHAEL A. GROSS  
THOMAS D. HAINES, JR.  
GREGORY J. N. BERT  
DAVID T. MARKETTE\*  
MARK C. DOW

FRED W. SCHWENDMANN  
JAMES M. HUDSON  
JEFFREY S. BARD\*  
REBECCA NICHOLS JOHNSON  
WILLIAM P. JOHNSON  
STANLEY K. KOTOVSKY, JR.  
H. R. THOMAS  
ELLEN S. CASEY  
MARGARET CARTER LUDEWIG

S. BARRY PASNER  
STEPHEN M. GRAMPTON  
MARTIN MEYERS  
GREGORY S. WHEELER  
ANDREW J. CLOUTIER  
JAMES A. GILLESPIE  
GARY W. LARSON  
STEPHANIE LANDRY  
JOHN R. KULSETH, JR.  
MARGARET R. MCNETT  
BRIAN T. CARTWRIGHT\*  
S. K. SMITH\*  
ROBERT H. BETHEA\*  
BRADLEY W. HOWARD  
CHARLES A. SUTTON  
NORMAN D. EWART\*  
DARREN T. GROCE\*  
MOLLY MCINTOSH  
MARCIA B. LINCOLN  
SCOTT A. SHUART\*  
DARREN L. BROOKS  
CHRISTINE E. LALE  
PAL L. G. NASON  
CARLA M. SILVA

\*NOT LICENSED IN NEW MEXICO

September 28, 1993

Michael E. Stogner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

Dear Mr. Stogner:

Re: Case No. 10,828 (Santa Fe Energy).

As you requested at hearing, enclosed is a proposed order in the above case, together with a disk containing the order.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

  
James Bruce

Enclosures

VIA HAND DELIVERY

JGB5\93H51.c

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 10,828  
Order No. R-9904-A

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P. FOR AN  
UNORTHODOX GAS WELL LOCATION AND  
TO AMEND ORDER NO. R-9904, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_\_ day of October, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Division Order No. R-9904, dated June 4, 1993, the applicant, Santa Fe Energy Operating Partners, L.P., obtained an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described areas in

Section 18, Township 20 South, Range 34 East, N.M.P.M., Lea County,  
New Mexico, and in the following manner:

the N $\frac{1}{2}$  forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and Undesignated Teas-Pennsylvanian Gas Pool;

the NE $\frac{1}{4}$  forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and

the NW $\frac{1}{4}$ NE $\frac{1}{4}$  forming 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 which presently includes but is not necessarily limited to the Teas-Yates Seven Rivers Pool and Undesignated Teas-Bone Spring Pool.

Said unit(s) were to be dedicated to the applicant's Sinagua "18" Federal Well No. 1 to be drilled at a standard location 660 feet from the North line and 2,130 feet from the East line (Unit B) of Section 18.

(3) The subject land is located on federal acreage, and in early February 1993 the applicant had filed with the Bureau of Land Management (BLM) an application for permit to drill (APD) for said well. On July 1, 1993, the BLM denied the APD due to possible potash mineralization at the above well location.

(4) The BLM has informed the applicant that it would approve a location 2,210 feet from the North and East lines of said Section 18, which is within 150 feet of the existing Wallen Federal

Well No. 7, located 2,310 feet from the North and East lines of Section 18, which produces from the Teas-Yates Seven Rivers Pool.

(5) As a result of the foregoing, the applicant seeks to amend Order No. R-9004 to pool all mineral interests from the surface to the base of the Morrow formation underlying the following described areas in Section 18, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in the following manner:

the N $\frac{1}{2}$  forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and Undesignated Teas-Pennsylvanian Gas Pool;

the NE $\frac{1}{4}$  forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and

the SW $\frac{1}{4}$ NE $\frac{1}{4}$  forming 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 which presently includes but is not necessarily limited to the Undesignated Teas-Bone Spring Pool.

Said unit(s) are to be dedicated to the applicant's proposed Sinagua "18" Federal Well No. 1 to be drilled at an unorthodox gas well location 2,210 feet from the North and East lines (Unit G) of Section 18.

(6) The applicant has the right to drill and proposes to drill its Sinagua "18" Federal Well No. 1 at the unorthodox gas well location described above.

(7) The applicant does not request pooling of the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 18 as to the Teas-Yates Seven Rivers Pool because said acreage is dedicated to the Wallen Federal Well No.7.

(8) Division Order No. R-9904 required that said well be commenced on or before September 1, 1993. Due to the delay in obtaining an APD from the BLM, the applicant sought and was granted by the Division an extension of the well commencement deadline until November 1, 1993, by letter dated August 24, 1993.

(9) The applicant submitted geological evidence that a location in the NE $\frac{1}{4}$  of Section 18 is necessary in order to adequately test the Morrow formation.

(10) The proposed unorthodox location is moving away from established Morrow production, and thus 200% remains a reasonable charge for the risk involved in the drilling of the well.

(11) The provisions of Finding Paragraph Nos. (4) - (13), (15), and (16) of Division Order No. R-9904 are incorporated herein by reference.

**IT IS THEREFORE ORDERED THAT:**

(1) All mineral interests, whatever they may be, from the surface to the base of the Morrow formation underlying the following described areas in Section 18, Township 20 South, Range

34 East, N.M.P.M. Lea County, New Mexico, are hereby pooled in the following manner:

the N $\frac{1}{2}$  forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and Undesignated Teas-Pennsylvanian Gas Pool;

the NE $\frac{1}{4}$  forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and

the SW $\frac{1}{4}$ NE $\frac{1}{4}$  forming 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 which presently includes but is not necessarily limited to the Undesignated Teas-Bone Spring Pool. Interests in the Teas-Yates Seven Rivers Pool are not pooled by this Order.

Said unit(s) shall be dedicated to the applicant's Sinagua "18" Federal Well No. 1 to be drilled at an unorthodox gas well location 2,210 feet from the North and East lines (Unit G) of Section 18.

**PROVIDED HOWEVER THAT,** the operator of said unit(s) shall commence the drilling of said well on or before the 1st day of November, 1993, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation.

**PROVIDED FURTHER THAT,** in the event said operator does not commence the drilling of said well before the 1st day of November,

1993, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division Director for good cause shown.

**PROVIDED FURTHER THAT,** should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit(s) an itemized schedule of estimated well costs.

(3) Ordering Paragraph Nos. (2) and (4) - (14) of Division Order No. R-9904 shall remain applicable.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY, Director

S E A L

# HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX  
PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
ERIC D. LANPHERE  
C. D. MARTIN  
ROBERT P. TINNIN, JR.  
MARSHALL G. MARTIN  
OWEN M. LOPEZ  
DOUGLAS L. LUNSFORD  
JOHN J. KELLY  
NICHOLAS J. NOEDING  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD\*  
RICHARD E. OLSON  
RICHARD R. WLFONG\*  
THOMAS J. MCBRIDE  
JAMES J. WECHSLER  
NANCY S. CUSACK  
JEFFREY L. FORNACIARI  
JEFFREY D. HEWETT  
JAMES BRUCE  
JERRY F. SHAGKE, FORD\*  
JEFFREY W. HELLBERG\*  
ALBERT L. PITTS  
THOMAS M. HNASKO  
JOHN C. CHAMBERS\*  
GARY D. COMPTON\*  
MICHAEL A. GROSS  
THOMAS D. HAINES, JR.  
GREGORY J. NIBERT  
DAVID T. MARLETTE\*  
MARK C. DOW

FRED W. SCHWENDIMANN  
JAMES M. HUDSON  
JEFFREY S. BAIRD\*  
REBECCA NICHOLS JOHNSON  
WILLIAM P. JOHNSON  
STANLEY K. KOTOVSKY, JR.  
H. R. THOMAS  
ELLEN S. CASEY  
MARGARET CARTER LUDEWIG  
S. BARRY PAISNER  
STEPHEN M. CRAMPTON  
MARTIN MEYERS  
GREGORY S. WHEELER  
ANDREW J. DLOUTER  
JAMES A. GILLESPIE  
GARY W. LARSON  
STEPHANIE LANDRY  
JOHN R. KULSETH, JR.  
MARGARET R. MCNETT  
BRANT T. CARTWRIGHT\*  
JISA K. SMITH\*  
ROBERT H. BETHHEA\*  
BRADLEY W. HOWARD  
CHARLES A. SUTTON  
NORMAN D. EWART  
DARREN T. GROCE\*  
MOLLY MCINTOSH  
MARCIA B. LINCOLN  
SCOTT A. SHUART\*  
DARREN L. BROOKS  
CHRISTINE E. LALE  
PAUL G. NASON  
DARLA M. SILVA

ATTORNEYS AT LAW  
218 MONTEZUMA  
POST OFFICE BOX 2068  
SANTA FE, NEW MEXICO 87504-2068  
(505) 982-4554  
FAX (505) 982-8623

CLARENCE E. HINKLE (1904-985)  
W. E. BONDURANT, JR. (1913-1973)  
ROY C. SNODGRASS, JR. (1914-1987)

OF COUNSEL  
O. M. CALHOUN\*  
MACK EASLEY  
JOE W. WOOD  
RICHARD S. MORRIS

WASHINGTON, D.C.  
SPECIAL COUNSEL  
ALAN J. STATMAN\*

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

2800 CLAYDESTA CENTER  
6 DESTA DRIVE  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

1700 TEAM BANK BUILDING  
POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800  
POST OFFICE BOX 2043  
ALBUQUERQUE, NEW MEXICO 87103  
(505) 768-1500  
FAX (505) 768-1529

October 26, 1993

\*NOT LICENSED IN NEW MEXICO

Michael E. Stogner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

Re: Case No. 10,828 (Santa Fe Energy Operating  
Partners, L.P.)

Dear Mr. Stogner:

I have previously submitted to you a proposed order in this matter (on a disk). As we discussed last week, I asked you to withhold issuing the order until Santa Fe had met with the BLM. That meeting has now taken place, and the events regarding this well are summarized on the attached Affidavit of Curtis D. Smith. (A copy is attached; I will submit the original tomorrow.) As you can see from the Affidavit, the BLM has now authorized a standard well location 1,650 feet FNL and 2,210 FEL. Obviously, this negates Santa Fe's unorthodox location request. However, the location is still different from the original location approved in Order No. R-9004. Since it is standard, do we need to amend the Order?

Based on the foregoing, we ask that you proceed with issuance of an order in Case No. 10,828, or alternatively extend Order No. R-9904 by 90 days. The proposed order I sent you would need to delete any approval of the unorthodox location, but extend the well commencement deadline, which we request to be February 1, 1994 (See attached p. 5 of the proposed order). This, we hope, will allow sufficient time for an APD to be issued by the BLM. Also, this 90 day commencement period is consistent with OCD practice.

JGB5\93K19.c

26 1993

REGISTRATION DIVISION

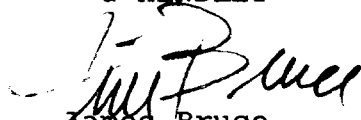


Michael E. Stogner  
Page Two  
October 26, 1993

If possible, we would like an order issued by November 1, since the commencement deadline in the existing order expires on that date. I know this is confusing, but please call if we need to discuss this.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY



James Bruce

Attachment

VIA HAND DELIVERY

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P. FOR  
AN UNORTHODOX GAS WELL LOCATION  
AND TO AMEND ORDER NO. R-9904,  
LEA COUNTY, NEW MEXICO.

CASE NO. 10,828

STATE OF TEXAS )  
 ) ss.  
COUNTY OF MIDLAND )

26

AFFIDAVIT OF CURTIS D. SMITH

Curtis D. Smith, being duly sworn upon his oath, deposes and states:

1. I am over 18 years of age and have personal knowledge of the matters stated herein.

2. I am an employee of applicant Santa Fe Energy Operating Partners, L.P. (Santa Fe).

3. Order No. R-9904, dated June 4, 1993, pooled the N½ of Section 18, Township 20 South, Range 34 East, for a Morrow test well to be located at a standard location 660 feet from the North line and 2,130 feet from the East line. The well commencement deadline in the order was September 1, 1993. The proposed well is located on federal land.

4. Subsequent to the issuance of the Order, the BLM denied applicant's APD for the above location. The BLM then informed Santa Fe it would approve a location 2,210 feet from the North and East lines of Section 18, which is within 150 feet of the existing

Wallen Production Company Federal Well No. 7, located 2,310 feet from the North and East lines of Section 18.

5. As a result, Santa Fe obtained an extension of the commencement deadline in Order No. R-9904 until November 1, 1993. Applicant also obtained an extension of its farmout on Section 18 from OXY U.S.A. Inc.

6. Santa Fe then applied to the Division for an unorthodox gas well location and to amend Order No. R-9904 accordingly. The hearing on Case 10,828 was held on September 23, 1993.

7. Subsequent to the hearing, Wallen Production Company filed an objection with the BLM on the second location proposed for Santa Fe's well, and on October 20, 1993, a meeting was held with the BLM in Carlsbad to discuss the well location. The BLM has verbally approved a well location 1,650 feet from the North line and 2,210 feet from the East line of the section. However, an APD will not be issued before November 1, 1993.

8. Santa Fe has verbally obtained a 90 day extension of its farmout from OXY U.S.A. Inc.

9. As a result of the foregoing, it is necessary that any order entered in Case No. 10,828 contain a commencement deadline of February 1, 1993 to allow the BLM to issue an APD.

---

Curtis D. Smith

Subscribed and sworn to before me this \_\_\_\_\_ day of October, 1993, by Curtis D. Smith.

---

Notary Public

34 East, N.M.P.M. Lea County, New Mexico, are hereby pooled in the following manner:

the N $\frac{1}{2}$  forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and Undesignated Teas-Pennsylvanian Gas Pool;

the NE $\frac{1}{4}$  forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and

the SW $\frac{1}{4}$ NE $\frac{1}{4}$  forming 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 which presently includes but is not necessarily limited to the Undesignated Teas-Bone Spring Pool. Interests in the Teas-Yates Seven Rivers Pool are not pooled by this Order.

Said unit(s) shall be dedicated to the applicant's Sinagua "18" Federal Well No. 1 to be drilled at an unorthodox gas well location 2,210 feet from the North and East lines (Unit G) of Section 18.

PROVIDED HOWEVER THAT, the operator of said unit(s) shall commence the drilling of said well on or before the 1st day of ~~November~~<sup>February</sup>, 199~~7~~<sup>4</sup>, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well before the 1st day of November,

Case 10828

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C COX  
 PAUL W EATON  
 CONRAD E COFFIELD  
 HAROLD L HENSLEY, JR  
 STUART D SHANOR  
 ERIC D LANPHERE  
 C D MARTIN  
 ROBERT P TINNIN, JR  
 MARSHALL G MARTIN  
 OWEN M LOPEZ  
 DOUGLAS L LUNSFORD  
 JOHN J KELLY  
 NICHOLAS J NOEDING  
 T CALDER EZZELL, JR  
 WILLIAM B BURFORD\*  
 RICHARD E OLSON  
 RICHARD R WILFONG\*  
 THOMAS J McBRIDE  
 JAMES J WECHSLER  
 NANCY S CUSACK  
 JEFFREY L FORNACARI  
 JEFFREY D HENET  
 JAMES BRUCE  
 JERRY F SHACKELFORD\*  
 JEFFREY W HELLBERG\*  
 ALBERT L PITTS  
 THOMAS M HNASKO  
 JOHN C CHAMBERS\*  
 GARY D COMPTON\*  
 MICHAEL A GROSE  
 THOMAS D HAINES, JR  
 GREGORY J NIBERT  
 DAVID T MARKETTE\*  
 MARK C DOW

FRED W SCHWENDIMANN  
 JAMES M HUDSON  
 JEFFREY S BAIRD\*  
 REBECCA NICHOLS JOHNSON  
 WILLIAM F JOHNSON  
 STANLEY K KOTOVSKY, JR  
 H R THOMAS  
 ELLEN S CASEY  
 MARGARET CARTER LUDEWIG  
 S BARRY PAISNER  
 STEPHEN M CRAMPTON  
 MARTIN MEYERS  
 GREGORY S WHEELER  
 ANDREW J CLOUTIER  
 JAMES A GILLESPIE  
 GARY W LARSON  
 STEPHANIE LANDRY  
 JOHN R KULSETH, JR  
 MARGARET R MCNETT  
 BRIAN T CARTWRIGHT\*  
 LISA K SMITH\*  
 ROBERT H BETHEA\*  
 BRADLEY W HOWARD  
 CHARLES A SUTTON  
 NORMAN D EWART  
 DARREN T GROCE\*  
 MOLLY MCINTOSH  
 MARCIA B LINCOLN  
 SCOTT A SHUART\*  
 DARREN L BROOKS  
 CHRISTINE E LALE  
 PAUL G NASON  
 DARLA M SILVA

ATTORNEYS AT LAW  
 218 MONTEZUMA  
 POST OFFICE BOX 2068  
 SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554  
 FAX (505) 982-8623

CLARENCE E HINKLE (190-1988)  
 W E BONDURANT, JR. (1913-1973)  
 ROY C SNODGRASS, JR. (1914-1987)

OF COUNSEL  
 O M CALHOUN\*  
 MACK EASLEY  
 JOE W WOOD  
 RICHARD S MORRIS

WASHINGTON DC  
 SPECIAL COUNSEL  
 ALAN J STATMAN\*

700 UNITED BANK PLAZA  
 POST OFFICE BOX 10  
 ROSWELL, NEW MEXICO 88202  
 (505) 622-6510  
 FAX (505) 623-9332

2800 CLAYDESTA CENTER  
 6 DESTA DRIVE  
 POST OFFICE BOX 3580  
 MIDLAND, TEXAS 79702  
 (915) 683-4691  
 FAX (915) 683-6518

1700 TEAM BANK BUILDING  
 POST OFFICE BOX 9238  
 AMARILLO, TEXAS 79105  
 (806) 372-5569  
 FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800  
 POST OFFICE BOX 2043  
 ALBUQUERQUE, NEW MEXICO 87103  
 (505) 768-1500  
 FAX (505) 768-1529

October 27, 1993

\*NOT LICENSED IN NEW MEXICO

27/1993

Michael E. Stogner  
 Oil Conservation Division  
 310 Old Santa Fe Trail  
 Santa Fe, New Mexico 87503

Re: Case No. 10,828 (Santa Fe Energy Operating Partners, L.P.)

Dear Mr. Stogner:

Pursuant to Mr. Bruce's instructions, I am enclosing the executed Affidavit of Curtis D. Smith, Santa Fe Energy Operating Partners, L.P., in the above-referenced case.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
 & HENSLEY

*Fran Sowers*  
 Fran Sowers, Secretary  
 to James Bruce

Enclosure

VIA HAND DELIVERY

BEFORE THE NEW MEXICO OIL CONVERSATION DIVISION

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P. FOR  
AN UNORTHODOX GAS WELL LOCATION  
AND TO AMEND ORDER NO. R-9904,  
LEA COUNTY, NEW MEXICO

CASE NO. 10,828

STATE OF TEXAS

27 1993

COUNTY OF MIDLAND

AFFIDAVIT OF CURTIS D. SMITH

Curtis D. Smith, being duly sworn upon his oath, deposes and states:

1. I am over 18 years of age and have personal knowledge of the matters stated herein.

2. I am an employee of applicant Santa Fe Energy Operating Partners, L.P. (Santa Fe).

3. Order No. R-9904, dated June 4, 1993, pooled the N/2 of Section 18, Township 20 South, Range 34 East, for a Morrow test well to be located at a standard location 660 feet from the North line and 2,130 feet from the East line. The well commencement deadline in the order was September 1, 1993. The proposed well is located on federal land.

4. Subsequent to the issuance of the Order, the BLM denied applicant's APD for the above location. The BLM then informed Santa Fe it would approve a location 2,210 feet from the North and East lines of Section 18, which is within 150 feet of the existing Wallen Production Company Federal Well No. 7, located 2,310 feet from the North and East lines of Section 18.

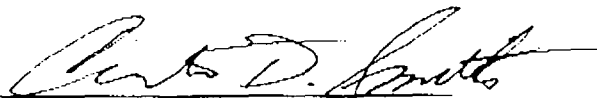
5. As a result, Santa Fe obtained an extension of the commencement deadline in Order No. R-9904 until November 1, 1993. Applicant also obtained an extension of its farmout on Section 18 from OXY U.S.A. Inc.

6. Santa Fe then applied to the Division for an unorthodox gas well location and to amend Order No. R-9904 accordingly. The hearing on Case 10,828 was held on September 23, 1993.

7. Subsequent to the hearing, Wallen Production Company filed an objection with the BLM on the second location proposed for Santa Fe's well, and on October 20, 1993, a meeting was held with the BLM in Carlsbad to discuss the well location. The final well location will be at a location of 1,650 feet from the North line and 2,210 feet from the East line. It was apparent from the meeting that an APD will not be issued before November 1, 1993.

8. Santa Fe has verbally obtained a 90 day extension of its farmout from OXY, U.S.A. Inc.

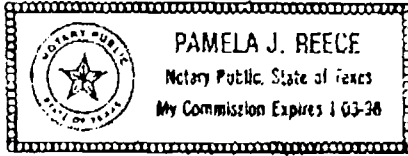
9. As a result of the foregoing, it is necessary that any order entered in Case No. 10,828 contain a commencement deadline of February 1, 1993 to allow the BLM to issue an APD.

  
Curtis D. Smith

CDS:pjr

pr2793

Subscribed and sworn to before me this 27<sup>th</sup> day of October, 1993, by  
Curtis D. Smith.



Pamela J. Reece  
Notary Public

pr2793





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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

October 29, 1993

HINKLE, COX, EATON,  
COFFIELD & HENSLEY  
Attorneys at Law  
P. O. Box 2068  
Santa Fe, New Mexico 87501

RE: CASE NO. 10828  
ORDER NO. R-9904

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Sally E. Martinez*  
Sally E. Martinez  
Administrative Secretary

cc: BLM - Carlsbad

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

November 2, 1993

Mr. James Bruce  
Hinkle, Cox, Eaton,  
Coffield & Hensley  
Attorneys at Law  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068

Dear Mr. Bruce:

Based upon your letter of November 1, 1993, and in accordance with the provisions of Division Order No. R-9904-A, Santa Fe Energy Operating Partners, L.P. is hereby granted an additional extension of time in which to begin the well on the unit pooled by said order until February 1, 1994.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY  
Division Director

WJL/fd

cc: ✓ Case 10828  
Jerry Sexton

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C COX  
PAUL W EATON  
CONRAD E COFFIELD  
HAROLD L HENSLEY JR  
STUART D SHANOR  
ERIC D LANPHERE  
C D MARTIN  
ROBERT P TINNIN, JR  
MARSHALL G MARTIN  
OWEN M LOPEZ  
DOUGLAS L LUNSFORD  
JOHN J KELLY  
NICHOLAS J NOEDING  
T CALDER EZZELL, JR  
WILLIAM B BURFORD\*  
RICHARD E OLSON  
RICHARD R WILFONG\*  
THOMAS J MCBRIDE  
JAMES J WECHSLER  
NANCY S CUSACK  
JEFFREY L FORNACIAR  
JEFFREY D HEWETT  
JAMES BRUCE  
JERRY F SHACKELFORD\*  
JEFFREY W HELLBERG\*  
ALBERT L PITTS  
THOMAS M MNASKO  
JOHN C CHAMBERS\*  
GARY D COMPTON\*  
MICHAEL A GROSS  
THOMAS D HAINES, JR  
GREGORY J NIBERT  
DAVID T MARKETTE\*  
MARK C DOW

FRED W SCHWENDMANN  
JAMES M HUDSON  
JEFFREY S BAIRD\*  
REBECCA NICHOLS JOHNSON  
WILLIAM P JOHNSON  
STANLEY K KOTOVSKY JR  
L R THOMAS  
ELLEN S CASEY  
MARGARET CARTER JUDEWIG  
S BARRY PASNER  
STEPHEN M CRAMPTON  
MARTIN MEYERS  
GREGORY S WHEELER  
ANDREW J GUGUTER  
JAMES A GILLESPIE  
GARY W JARSON  
STEPHANIE LANDRY  
JOHN R KULSETH JR  
MARGARET P MCNETT  
BRIAN T CARTWRIGHT\*  
LISA K SMITH\*  
ROBERT H BETHEA\*  
BRADLEY W HOWARD  
CHARLES A SUTTON  
NORMAN D EWART  
CARREN T GROCE\*  
MOLLY MCINTOSH  
MARCIA B LINCOLN  
SCOTT A SHUART\*  
DARREN L BROOKS  
CHRISTINE E LALE  
PAUL G NASON  
DARLA M SILVA

ATTORNEYS AT LAW  
218 MONTEZUMA  
POST OFFICE BOX 2068  
SANTA FE, NEW MEXICO 87504-2068  
(505) 982-4554  
FAX (505) 982-8623

CLARENCE E. HINKLE (904)9851  
W E BONDURANT, JR. (913)9731  
ROY C SNODGRASS, JR. (914)9871

OF COUNSEL  
O M CALHOUN\*  
MACK EASLEY  
JOE W WOOD  
RICHARD S MORRIS

WASHINGTON, D.C.  
SPECIAL COUNSEL  
ALAN J STATMAN\*

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

2800 CLAYDESTA CENTER  
6 DESTA DRIVE  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

1700 TEAM BANK BUILDING  
POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800  
POST OFFICE BOX 2043  
ALBUQUERQUE, NEW MEXICO 87103  
(505) 768-1500  
FAX (505) 768-1529

November 1, 1993

\*NOT LICENSED IN NEW MEXICO

William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

11000

Re: Order No. R-9904-A (Case No. 10,828).

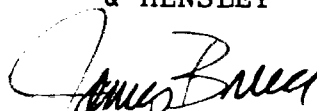
Dear Mr. LeMay:

The Division entered the above order (copy enclosed) on October 28, 1993, with a well commencement deadline of today, November 1, 1993, as originally requested by Santa Fe Energy, upon the belief BLM approval of an APD was imminent. Unfortunately, as set forth on the enclosed affidavit by Santa Fe Energy's landman, the BLM has not yet approved an APD in writing. Therefore, Santa Fe Energy respectfully requests the well commencement deadline be extended to February 1, 1994, in order to allow time to secure the APD. We point out that the extension requested by Santa Fe Energy conforms to the Division's regular 90 day commencement period in pooling orders.

Thank you for your attention to this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

  
James Bruce

Enclosure

**VIA HAND DELIVERY**

JGB5\93K58.c

BEFORE THE NEW MEXICO OIL CONVERSATION DIVISION

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P. FOR  
AN UNORTHODOX GAS WELL LOCATION  
AND TO AMEND ORDER NO. R-9904,  
LEA COUNTY, NEW MEXICO

CASE NO. 10,828

STATE OF TEXAS

COUNTY OF MIDLAND

AFFIDAVIT OF CURTIS D. SMITH

Curtis D. Smith, being duly sworn upon his oath, deposes and states:

1. I am over 18 years of age and have personal knowledge of the matters stated herein.

2. I am an employee of applicant Santa Fe Energy Operating Partners, L.P. (Santa Fe).

3. Order No. R-9904, dated June 4, 1993, pooled the N/2 of Section 18, Township 20 South, Range 34 East, for a Morrow test well to be located at a standard location 660 feet from the North line and 2,130 feet from the East line. The well commencement deadline in the order was September 1, 1993. The proposed well is located on federal land.

4. Subsequent to the issuance of the Order, the BLM denied applicant's APD for the above location. The BLM then informed Santa Fe it would approve a location 2,210 feet from the North and East lines of Section 18, which is within 150 feet of the existing Wallen Production Company Federal Well No. 7, located 2,310 feet from the North and East lines of Section 18.

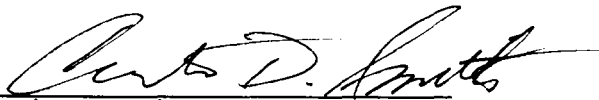
5. As a result, Santa Fe obtained an extension of the commencement deadline in Order No. R-9904 until November 1, 1993. Applicant also obtained an extension of its farmout on Section 18 from OXY U.S.A. Inc.

6. Santa Fe then applied to the Division for an unorthodox gas well location and to amend Order No. R-9904 accordingly. The hearing on Case 10,828 was held on September 23, 1993.

7. Subsequent to the hearing, Wallen Production Company filed an objection with the BLM on the second location proposed for Santa Fe's well, and on October 20, 1993, a meeting was held with the BLM in Carlsbad to discuss the well location. The final well location will be at a location of 1,650 feet from the North line and 2,210 feet from the East line. It was apparent from the meeting that an APD will not be issued before November 1, 1993.

8. Santa Fe has verbally obtained a 90 day extension of its farmout from OXY, U.S.A. Inc.

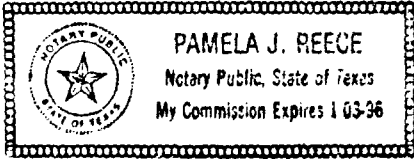
9. As a result of the foregoing, it is necessary that any order entered in Case No. 10,828 contain a commencement deadline of February 1, 1993 to allow the BLM to issue an APD.

  
Curtis D. Smith

CDS:pjr

pr2793

Subscribed and sworn to before me this 27<sup>th</sup> day of October, 1993, by  
Curtis D. Smith.



*Pamela J. Reece*  
Notary Public