



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

September 25, 1989

P.O. DRAWER DD
ARTESIA, NEW MEXICO 88210
(505) 748-1283

GARREY CARRUTHERS
GOVERNOR

RECEIVED

SEP 27 1989

OIL CONSERVATION DIV.
SANTA FE

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501-2088

Re: Case No. 9718

Dear David,

After reviewing the exhibits from this case, I am still unsympathetic to the idea of creating two pools in the Delaware in this area. Although it is obvious that the A and B zones are distinct and different, I feel that other factors outweigh the companies' desire to have multiple pools. Namely:

(1) Further production of these wells will undoubtedly lower production below allowables at which time both zones can be produced without commingling.

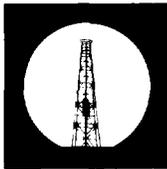
(2) To start breaking out "zones" in the Delaware or any other formation could set a precedent that has the possibility of becoming unmanageable.

(3) The Oil Conservation Division's job is to protect correlative rights and prevent waste. I think both will be taken care of with the single pool.

Admittedly, the companies won't be able to produce as much oil with one pool, but that brings us to what I perceive to be the bottom line. The companies want to produce more oil. With two pools they would have two allowables. I think a much better, simpler, and cheaper way to solve the problem is to increase the allowable in the pool. This would give the companies what they ultimately want (more oil to sell) and give the O.C.D. what we want (one pool).

Sincerely,

Darrell Moore
Darrell Moore
District Geologist



SIETE OIL & GAS CORPORATION

*Petroleum Building Suite 200
P. O. Box 2523 Roswell, New Mexico 88202
Telephone (505) 622-2202*

October 16, 1989

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. David Catanach, Petroleum Engineer

Addendum: Request by Meridian Oil Inc. for the Creation of a new Delaware oil pool in Eddy County, New Mexico; Parkway "B" sand; Case No. 9718, NMOCD hearing held August 23, 1989

Gentlemen:

Subsequent meetings following the August 23, 1989 hearing which addressed the above captioned request have been held. Those involved, Meridian Oil Inc., Santa Fe Energy Operating Partners, L.P. and Siete Oil & Gas Corporation have reached an agreement concerning the designation of the Parkway Delaware "B" sand.

It was mutually agreeable to all parties represented at the August 23, 1989 hearing, that the vertical limits for Parkway Delaware "B" sand should be as referenced on the previously submitted Santa Fe Energy's Exhibit - Stratigraphic Cross-section A-A'.

"B" Sand Vertical Limits

	Top	Bottom
a. Meridian's - Apache Federal #1-A	3947'	4124'
b. Meridian's - Apache Federal #2-A	3947'	4134'
c. Siete's - Renegade Federal #2	3917'	4122'
d. Siete's - Osage Federal #1	3914'	4134'
e. Meridian's - Apache Federal #1	3963'	4182'
f. Santa Fe's - Parkway State No. 2	4004'	4227'
g. Santa Fe's - Parkway State No. 4	4045'	4263'

The above cross-section was chosen primarily due to its higher resolution (log scale of five inches to one hundred feet) and the inclusion of Delaware producers in both Sections 35 and 36. Please note that the lower limits of the proposed Parkway "B" sand also correspond to the upper limits of the Parkway "A" sand.

All other items requested for in the hearing, pertaining to well spacing, production allowables, acreage covered, etc. remain unchanged.

Consenting to the above statements

Meridian Oil Inc.
21 Desta Drive
Midland, TX 79705

J. Buckman
Regional Operations Manager

10/17/89
Date

Santa Fe Energy Operating Partners, L.P.
500 W. Illinois
Midland, TX 79701

D.B. Kilpatrick
D. B. Kilpatrick, Attorney-in-Fact

10/17/89
Date

Siete Oil & Gas Corporation
Petroleum Building Suite 200
P.O. Box 2325
Roswell, NM 88202

Gene Shumate
Vice President/Land

10-16-89
Date

cc: Mr. W. Thomas Kellahin, Kellahin, Kellahin & Aubrey, Santa Fe
New Mexico
Mr. Jim Bruce, Hinkle Law Firm, Albuquerque, New Mexico



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

November 15, 1989

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

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9718
ORDER NO. R-9045

Applicant:
Meridian Oil Inc.

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other James Bruce