



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

July 23, 1990

GARREY CARRUTHERS
 GOVERNOR

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

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

*Case No. 10011
 M.S.*

Attention: Robert C. Seiler

*RE: Application for non-standard location: Bilbrey Prospect, 1980'
 FSL - 990' FWL (Unit L) Section 27, T-21S, R-32E,
 Undesignated Bilbrey Morrow Gas Pool, Lea County, New Mexico.*

Dear Mr. Seiler:

We may not process the subject application for a non-standard location until the required information or plat(s) checked below are submitted.

- A plat must be submitted clearly showing the ownership of the offsetting leases.
- A statement must be submitted that offset operators have been notified of the application by certified mail.
- A plat must be submitted fully identifying the topography necessitating the non-standard location.
- Other: This location is standard for a (W/2 stand-up spacing unit. Why is it necessary to dedicate the S/2 to this well? Also, has the US BLM been apprised of your intentions in Section 27? What was the response?

Sincerely,

Michael E. Stogner
 Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
 US Bureau of Land Management - Carlsbad
 US Bureau of Land Management - Roswell: Armando Lopez

HINKLE, COX, EATON, COFFIELD & HENSLEY

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POST OFFICE BOX 2068
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(505) 982-4554

June 28, 1990

*NOT LICENSED IN NEW MEXICO

10011

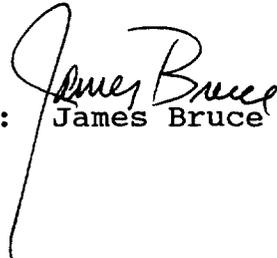
Ms. Florene Davidson
New Mexico Oil Conservation
Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Dear Florene:

Enclosed for filing are an original and two copies of an Application for an unorthodox gas well location. This Application is filed on behalf of Santa Fe Energy Operating Partners, L.P. We request that this matter be set for the July 25, 1990 Examiner Hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY

By:  James Bruce

JB:le
Enclosures



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

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Case No. 10011

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July 23, 1990

Bureau of Land Management
Carlsbad Resources Office
P.O. Box 1778
Carlsbad, NM 88220

Attention: Barry Hunt

*RE: Unorthodox Gas Well Location Filing,
Santa Fe Energy Operating Partners, L.P.,
Bilbrey Prospect, 1980' FSL - 990' FWL, L-
27-21S-32E, Lea County.*

Dear Mr. Hunt:

Enclosed please find a copy of an unorthodox gas well location request that the NMOCD received on July 17, 1990. This information is being provided to you for your records since the well is within your jurisdiction. Should you have any comments or suggestions, please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Hobbs
Santa Fe Energy Operating Partners, L.P. - Midland

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July 25, 1990

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OIL CONSERVATION DIV.
SANTA FE

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HAND DELIVERED

David Catanach
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

RE: **Case No. 10,011, The Application of Santa Fe Energy
Operating Partners, L.P. for an Unorthodox Gas Well
Location, Lea County, New Mexico**

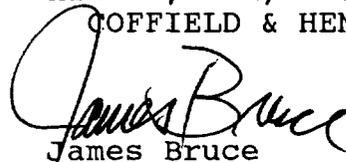
Dear Mr. Catanach:

Enclosed is a copy of federal regulation 43 CFR § 3105.2-2,
which states that federal leases cannot be communitized where one
lease can be included within a single spacing unit.

As requested by Santa Fe at the hearing, your prompt attention
to this matter is appreciated, due to lease expiration problems.

Sincerely,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:jr
Enclosure

§ 3104.7

unless such form has been declared obsolete by the Director prior to the filing of such bond. For purposes of §§ 3104.2 and 3104.3(a) of this title, bonds or bond riders shall be filed in the Bureau State office having jurisdiction of the lease or operations covered by the bond or rider. Nationwide bonds may be filed in any Bureau State office (See § 1821.2-1).

[53 FR 17354, May 16, 1988]

§ 3104.7 Default.

(a) Where, upon a default, the surety makes a payment to the United States of an obligation incurred under a lease, the face amount of the surety bond or personal bonds and the surety's liability thereunder shall be reduced by the amount of such payment.

(b) After default, where the obligation in default equals or is less than the face amount of the bond(s), the principal shall either post a new bond or restore the existing bond(s) to the amount previously held or a larger amount as determined by the authorized officer. In lieu thereof, the principal may file separate or substitute bonds for each lease covered by the deficient bond(s). Where the obligation incurred exceeds the face amount of the bond(s), the principal shall make full payment to the United States for all obligations incurred that are in excess of the face amount of the bond(s) and shall post a new bond in the amount previously held or such larger amount as determined by the authorized officer. The restoration of a bond or posting of a new bond shall be made within 6 months or less after receipt of notice from the authorized officer. Failure to comply with these requirements may subject all leases covered by such bond(s) to cancellation under the provisions of § 3108.3 of this title.

[48 FR 33662, July 22, 1983, as amended at 53 FR 17354, May 16, 1988]

§ 3104.8 Termination of period of liability.

The authorized officer shall not give consent to termination of the period of liability of any bond unless an acceptable replacement bond has been

43 CFR Ch. II (10-1-89 Edition)

filed or until all the terms and conditions of the lease have been met.

[48 FR 33662, July 22, 1983, as amended at 53 FR 17355, May 16, 1988; 53 FR 31867, Aug. 22, 1988]

Subpart 3105—Cooperative Conservation Provisions

§ 3105.1 Cooperative or unit agreement.

The suggested contents of such an agreement and the procedures for obtaining approval are contained in 43 CFR Part 3180.

§ 3105.2 Communitization or drilling agreements.

§ 3105.2-1 Where filed.

(a) Requests to communitize separate tracts shall be filed, in triplicate, with the proper BLM office.

(b) Where a duly executed agreement is submitted for final Departmental approval, a minimum of 3 signed counterparts shall be submitted. If State lands are involved, 1 additional counterpart shall be submitted.

§ 3105.2-2 Purpose.

When a lease or a portion thereof cannot be independently developed and operated in conformity with an established well-spacing or well-development program, the authorized officer may approve communitization or drilling agreements for such lands with other lands, whether or not owned by the United States, upon a determination that it is in the public interest. Operations or production under such an agreement shall be deemed to be operations or production as to each lease committed thereto.

§ 3105.2-3 Requirements.

(a) The communitization or drilling agreement shall describe the separate tracts comprising the drilling or spacing unit, shall show the apportionment of the production or royalties to the several parties and the name of the operator, and shall contain adequate provisions for the protection of the interests of the United States. The agreement shall be signed by or on behalf of all necessary parties and shall be filed prior to the expiration of

Bureau of Land Management

the Federal lease(s) involved, to confer the benefits of such lease(s).

(b) The agreement shall be approved by the authorized officer. Approved communitization agreements are considered effective from the date of the agreement or the date of the onset of production, whichever is earlier, except where the unit is subject to a State law. The effective date of the agreement shall be the effective date of the agreement.

(c) The public interest in the lease(s) shall be satisfied if the lease(s) is/are well dedicated thereto and completed for production in communitized formation at the time the agreement is approved or, if the operator thereafter commences or diligently continues operations to a depth sufficient to the satisfaction of the authorized officer that further drilling would be unwarranted. If an application for voluntary termination of the communitization agreement during the term of such an agreement expires at the end of the term without the public interest having been satisfied, the approval of that agreement by the authorized officer shall be deemed to be a Federal lease shall be deemed to be a Federal lease under § 3107.4 of this title.

[53 FR 17355, May 16, 1988]

§ 3105.3 Operating, drilling or development contracts.

§ 3105.3-1 Where filed.

A contract submitted under this section shall be filed with the proper BLM office, and sufficient copies to permit review shall be provided to the Department of the Interior for approval.

§ 3105.3-2 Purpose.

Approval of operating, drilling or development contracts shall be granted only to permit pipeline companies to

