

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. 10774
ORDER NO. R-9932*

**APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR A UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 29, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of August, 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) The applicant, Santa Fe Operating Partners, L.P., seeks approval of the Thistle Unit Agreement and Area for all oil and gas in any and all formations underlying 4880.00 acres, more or less, of federal and state lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.
- (3) No interested party appeared and objected to the proposed unit.
- (4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.
- (5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Thistle Unit Agreement, executed by Santa Fe Energy Operating Partners, L.P., is hereby approved for all oil and gas in any and all formations underlying 4880.00 acres, more or less, of federal and state lands in Lea County, New Mexico, as further described in Exhibit "A" attached hereto and made a part hereof.

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

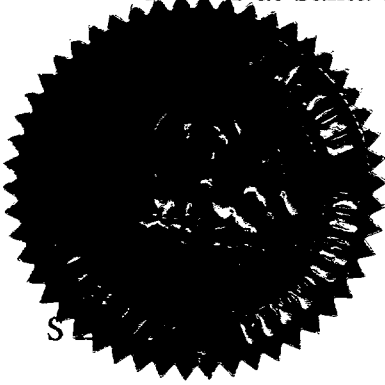
(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) This order shall become effective upon the approval of said unit agreement by the appropriate agency of the United States Department of Interior and the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

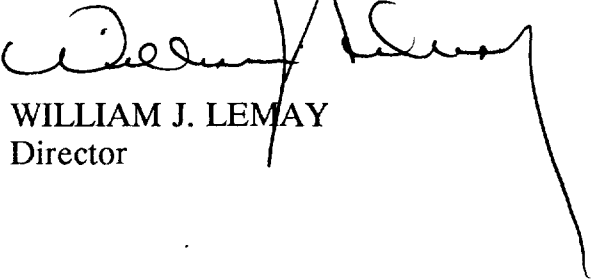
(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10774
Order No. R-9932
Page No. 3

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

EXHIBIT "A"
CASE NO. 10774
ORDER NO. R-9932
THISTLE UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM

| | |
|-------------------------|----------|
| Section 20: | E/2 SW/4 |
| Section 21: | E/2 |
| Section 22: | All |
| Sections 27 through 29: | All |
| Sections 32 through 34: | All |

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

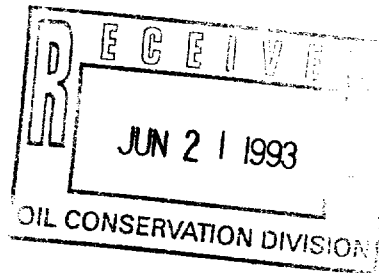
LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. 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. NIBERT
DAVID T. MARKETTE*
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. 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

*NOT LICENSED IN NEW MEXICO

June 21, 1993



Florene Davidson
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Dear Florene:

Enclosed are an original and two copies of an application by Santa Fe Energy Operating Partners, L.P. for a unit agreement, together with a proposed advertisement. Please set this case for the July 29, 1993 hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce
James Bruce
frs

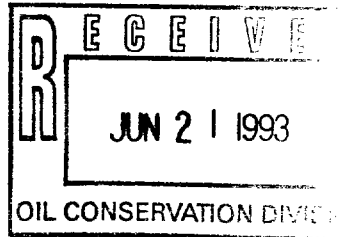
JB:frs
Enclosures

VIA HAND DELIVERY

JGB5\93B07.c

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE
ENERGY OPERATING PARTNERS,
L.P., FOR APPROVAL OF A
UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO.



No. 10774

APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby applies for approval of a unit agreement for its proposed Thistle Unit, and in support thereof states:

1. Applicant requests approval of the Thistle Unit Agreement, an exploratory unit, for a unit area comprised of the following state and federal lands:

Township 23 South, Range 33 East, N.M.P.M.

| | |
|-------------|-----------|
| Section 20: | E1/2SW1/4 |
| Section 21: | E1/2 |
| Section 22: | All |
| Section 27: | All |
| Section 28: | All |
| Section 29: | All |
| Section 32: | All |
| Section 33: | All |
| Section 34: | All |

Comprising 4,880 acres, more or less.

2. Applicant requests that it be designated operator of the unit.

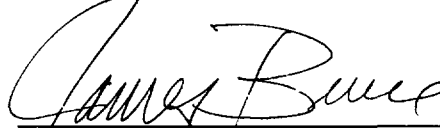
3. Preliminary approval of the unit is being obtained from the Commissioner of Public Lands and the Bureau of Land Management.

4. The granting of this application is in the interests of conservation and the prevention of waste.

5. Applicant requests expedited approval of the unit agreement due to a September 1, 1993 lease expiration date.

WHEREFORE, Applicant requests that the Thistle Unit Agreement be approved.

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorneys for Applicant

Proposed Advertisement

Case No. 10774: Application of Santa Fe Energy
Operating Partners, L.P. for a unit agreement, Lea County, New
Mexico. Applicant seeks approval of the Thistle Unit Agreement for
an area comprising 4,880 acres, more or less, of Federal and State
lands in Sections 20, 21, 22, 27, 28, 29, 32, 33, and 34, Township
23 South, Range 33 East, which is centered approximately _____

_____.