RECEIVED

MAY 04 '94

O.C.D.
ARTESIA, OFFICE

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-104
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

# I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| Operator name and Address | OGRID Number |
|---|---|
| Santa Fe Energy Operating Partners, L.P.<br>550 W. Texas, Suite 1330<br>Midland, Texas 79701 | 020290 |
| | Reason for Filing Code: AG |

| API Number | Pool Name | Pool Code |
|---|---|---|
| 30-015-27674 | Indian Basin (Upper Penn) | 33685 |
| **Property Code** | **Property Name** | **Well Number** |
| 13065 | Old Ranch Knoll 8 Fed Com | 2 |

## II. Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| N | 8 | 22S | 24E | | 660 | South | 1980 | West | Eddy |

## Bottom Hole Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

| Lse Code | Producing Method Code | Gas Connection Date | C-129 Permit Number | C-129 Effective Date | C-129 Expiration Date |
|---|---|---|---|---|---|
| F | P | 4/21/94 | | | |

## III. Oil and Gas Transporters

| Transporter OGRID | Transporter Name and Address | POD | O/G | POD ULSTR Location and Description |
|---|---|---|---|---|
| 022507 | Texaco Trading and Trans<br>P. O. Box 60628<br>Midland, Texas 79711 | | O | (N), Sec. 8, T-22S, R-24E<br>Old Ranch Knoll Battery |
| 025561 | Yates Gas Gathering | | G | (N), Sec. 8, T-22S, R-24E<br>Old Ranch Knoll Battery |
| | | | | |
| | | | | |

## IV. Produced Water

| POD | POD ULSTR Location and Description |
|---|---|
| 28/1512 | (N), Sec. 8, T-22S, R-24E (Old Ranch Knoll 8 Fed Com #2 Battery) |

## V. Well Completion Data

| Spud Date | Ready Date | TD | PBTD | Perforations |
|---|---|---|---|---|
| | | | | |

| Hole Size | Casing & Tubing Size | Depth Set | Sacks Cement |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

## VI. Well Test Data

| Date New Oil | Gas Delivery Date | Test Date | Test Length | Tbg. Pressure | Csg. Pressure |
|---|---|---|---|---|---|
| | | | | | |

| Choke Size | Oil | Water | Gas | AOF | Test Method |
|---|---|---|---|---|---|
| | | | | | |

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Terry McCullough

Printed name: Terry McCullough

Title: Sr. Production Clerk

Date: May 3, 1994 Phone: 915/687-3551

OIL CONSERVATION DIVISION

Approved by: SUPERVISOR, DISTRICT II

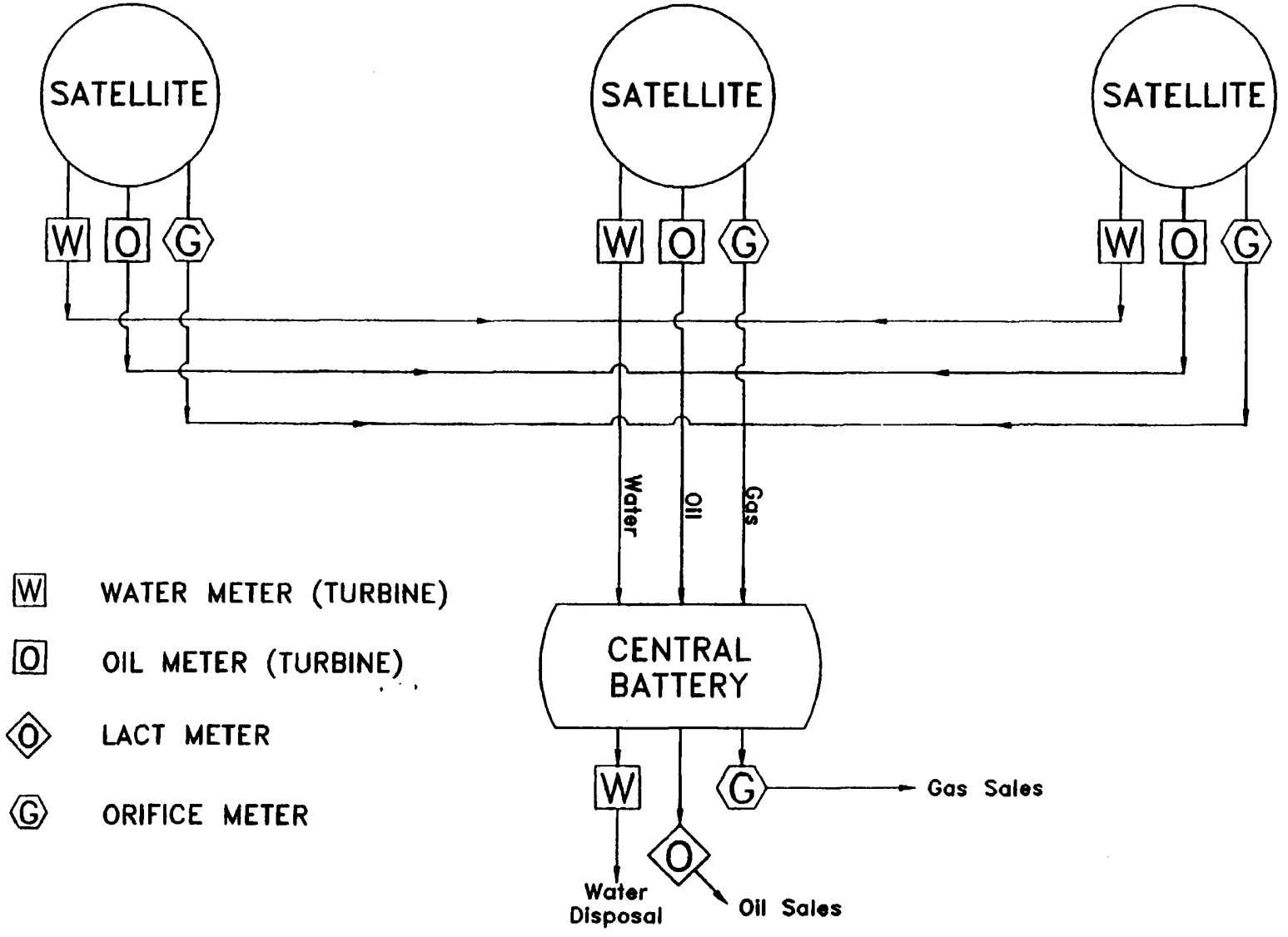
Title:

Approval Date: MAY 2 3 1994

If this is a change of operator fill in the OGRID number and name of the previous operator

| Previous Operator Signature | Printed Name | Title | Date |
|---|---|---|---|
| | | | |

# EAST INDIAN BASIN
# CENTRAL & SATELLITE BATTERIES



Because interests in the referenced leases vary, it will be necessary to measure oil, water, and gas from each lease prior to commingling. We will accomplish this with a combination of positive displacement, in-line turbine, and orifice metering equipment at the central battery and at each satellite. This will insure that production and revenue generated by each lease will accounted for accurately and equitably.

Attached is a conceptual drawing of the proposed facility. Please note that a typical satellite battery would measure oil and water with inline turbine meters, and gas with an orifice meter prior to commingling. Combined total measurements of oil, water, and gas from the collective satellites would then be used to allocate central battery sales volumes back to the leases. Oil sales would be measured at the central battery by way of a LACT unit, the water with a master turbine meter, and the gas with a master orifice sales meter. Because each satellite battery will be equipped with identical equipment, we expect very accurate lease production allocations.

Enclosed please find two (2) copies of this letter. Please sign both copies, retain one for your records, and return the remaining copy to me by August 1, 1994. If we get no response by that date, we will assume that you have no objection to the proposal, and will proceed with a request for its approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

If you have any questions, please call me at (915) 686-6709. Thank you for your cooperation.

Sincerely,

Don Rogers
Sr. Engineer - Cisco Asset Team

Agreed and accepted this 19th day of July, 1994.

Signature _____

H. A. Newhouse
Vice President - Production

**Santa Fe Energy Resources, Inc.**

Paul R. Baker
Division Manager, Production

July, 11 1994

North Central Oil Corporation
6001 Savoy Drive, Suite 600
Houston, Texas 77036

Attention: Herb Newhouse - Vice President Production

RE: **Surface Commingling, Lease Commingling, and Off-Lease Storage**
**Indian Basin (Upper Penn, Assoc.) Field**
**Eddy County, New Mexico**

Dear Herb:

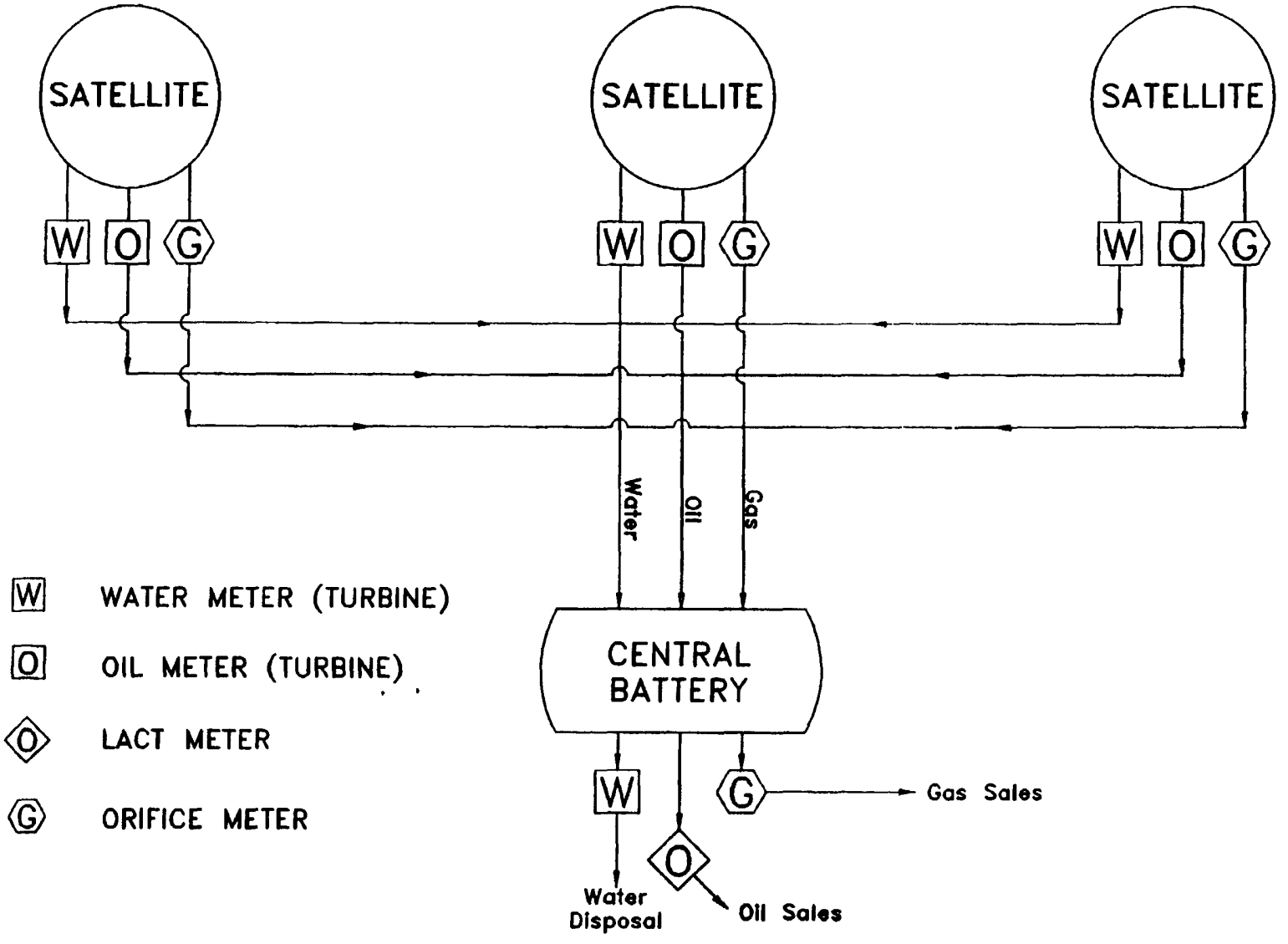
Thank you for your prompt response to our letter of June 7, 1994 regarding surface commingling and off-lease storage. During the past few weeks, Santa Fe has negotiated long-term arrangements with Yates Petroleum for SWD, gas gathering, and electrical power distribution. One aspect of this agreement involves the incorporation of the Yates Pan Am Pardue battery into our Central Battery gathering system. In order to file the appropriate applications with the BLM and NMOCD, Santa Fe Energy Operating Partners, L.P. respectfully requests your approval for surface commingling, lease commingling, and off-lease storage for the following leases:

| | |
|---|---|
| Pan Am Pardue "ALZ" Fed Com | Sec. 27 - T21S - R24E |
| Righthand Canyon "34" Fed Com | Sec. 34 - T21S - R24E |
| Jones Canyon "4" Federal | Sec. 4 - T22S - R24E |
| Nagooltee Peak "5" Fed Com | Sec. 5 - T22S - R24E |
| Old Ranch Canyon "7" Federal | Sec. 7 - T22S - R24E |
| Old Ranch Knoll "8" Fed Com | Sec. 8 - T22S - R24E |

We intend to construct satellite batteries at each lease and connect them to a central battery in Section 8 by way of an oil, water, and gas gathering system. The purpose of this off-lease storage and surface commingling is to reduce operating costs for storage and treating, thereby extending the economic life of the individual leases. This, of course, will eliminate the need to build production facilities for each well in the field. In addition, the central-satellite battery concept will minimize surface disturbance, which is consistent with mandates established in the BLM's recent Environmental Assessment Study for the area.

Central Division
550 W. Texas, Suite 1330
Midland, Texas 79701

# EAST INDIAN BASIN
# CENTRAL & SATELLITE BATTERIES




SATELITE.DWG

Because interests in the referenced leases vary, it will be necessary to measure oil, water, and gas from each lease prior to commingling. We will accomplish this with a combination of positive displacement, in-line turbine, and orifice metering equipment at the central battery and at each satellite. This will insure that production and revenue generated by each lease will accounted for accurately and equitably.

Attached is a conceptual drawing of the proposed facility. Please note that a typical satellite battery would measure oil and water with inline turbine meters, and gas with an orifice meter prior to commingling. Combined total measurements of oil, water, and gas from the collective satellites would then be used to allocate central battery sales volumes back to the leases. Oil sales would be measured at the central battery by way of a LACT unit, the water with a master turbine meter, and the gas with a master orifice sales meter. Because each satellite battery will be equipped with identical equipment, we expect very accurate lease production allocations.

Enclosed please find two (2) copies of this letter. Please sign both copies, retain one for your records, and return the remaining copy to me by August 1, 1994. If we get no response by that date, we will assume that you have no objection to the proposal, and will proceed with a request for its approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

If you have any questions, please call me at (915) 686-6709. Thank you for your cooperation.

Sincerely,

Don Rogers
Sr. Engineer - Cisco Asset Team

Agreed and accepted this 18 day of July, 1994.

Signature _____

GARY L. PITTS
Executive Vice President

CAMTERRA RESOURCES PARTNERS, LTD.

BY: CAMTERRA RESOURCES, INC
MANAGING GENERAL PARTNER

# Application for Surface Commingling
# Off-Lease Storage and Measurement Approval

This Format Should Be Attached to a Sundry Notice

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88221-1778

Santa Fe Energy Operating Partners, L.P. is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on:

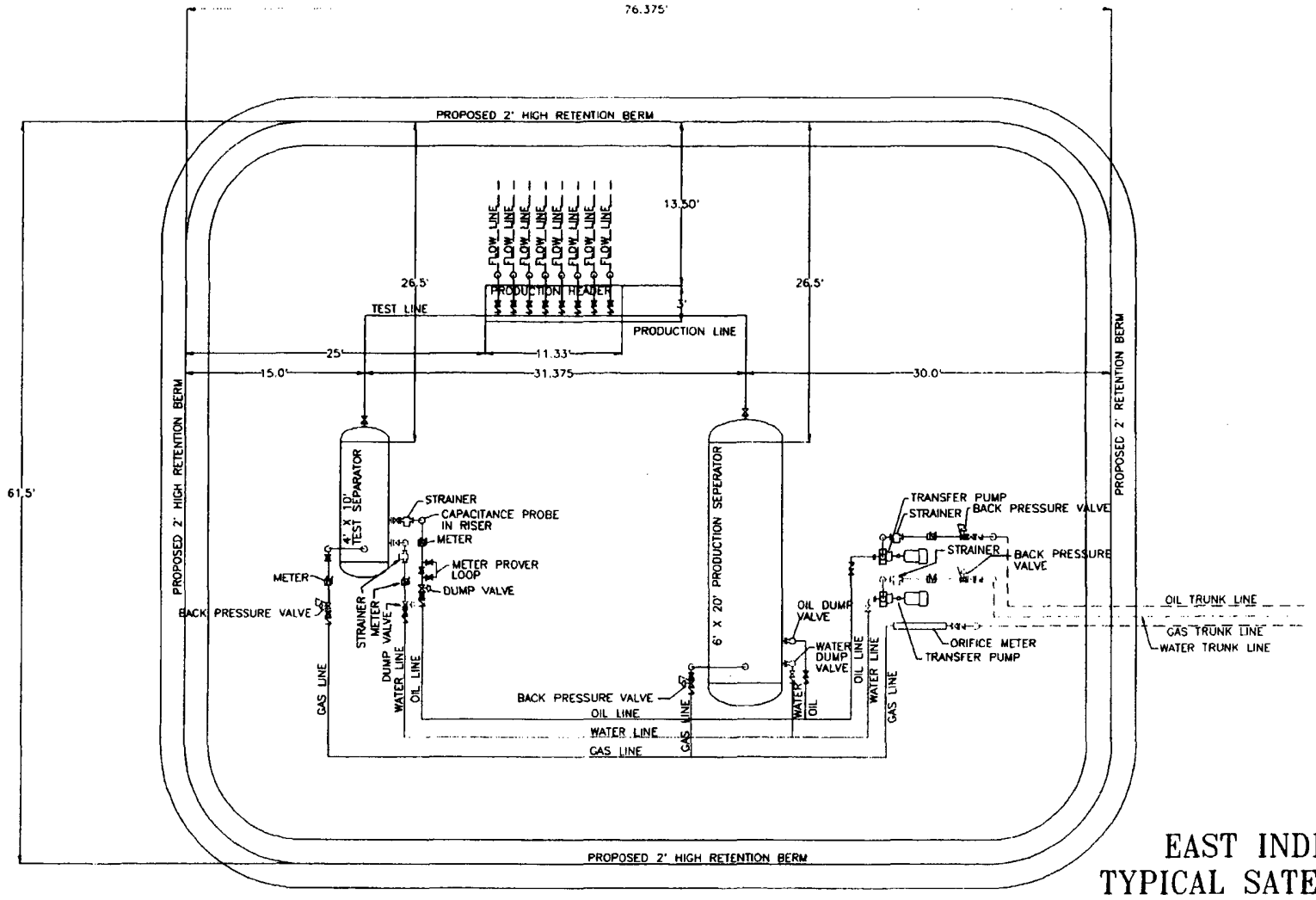
| Fed Lse No(s) | Lease Name & Well Number | Location | Formation |
|---|---|---|---|
| NM-76944<br>NM-39123<br>NM-37848<br>Fee Leases | Pan Am Pardue "ALZ" Fed Com #1 | 27M-21S-24E | Upper Penn |
| NM-53218<br>Fee Leases | Righthand Canyon "34" Fed Com #1 | 34E-21S-24E | Upper Penn |
| NM-81217<br>NM-78214 | Nagooltee Peak "5" Fed Com #1 | 05J-22S-24E | Upper Penn |
| NM-81220 | Old Ranch Knoll "8" Fed #1 | 08D-22S-24E | Upper Penn |

**with hydrocarbon production from the following formation(s) and well(s) on :**

| Fed Lse No(s) | Lease Name & Well Number | Location | Formation |
|---|---|---|---|
| NM-83552<br>NM-81220<br>NM-78214 | Old Ranch Knoll "8" Fed Com #2 | 08N-22S-24E | Upper Penn |

Production from all **active and shut-in (tested)** wells to be commingled is as follows:

| Well Name and Number | BOPD | Oil Gravity | MCFD |
|---|---|---|---|
| Pan Am Pardue "ALZ" Fed Com #1 | 450 | 42 | 850 |
| Righthand Canyon "34" Fed Com #1 | 250 | 42 | 300 |
| Nagooltee Peak "5" Fed Com #1 | 440 | 42 | 400 |
| Old Ranch Knoll "8" Fed #1 | 280 | 42 | 300 |
| Old Ranch Knoll "8" Fed Com #2 | 220 | 42 | 150 |



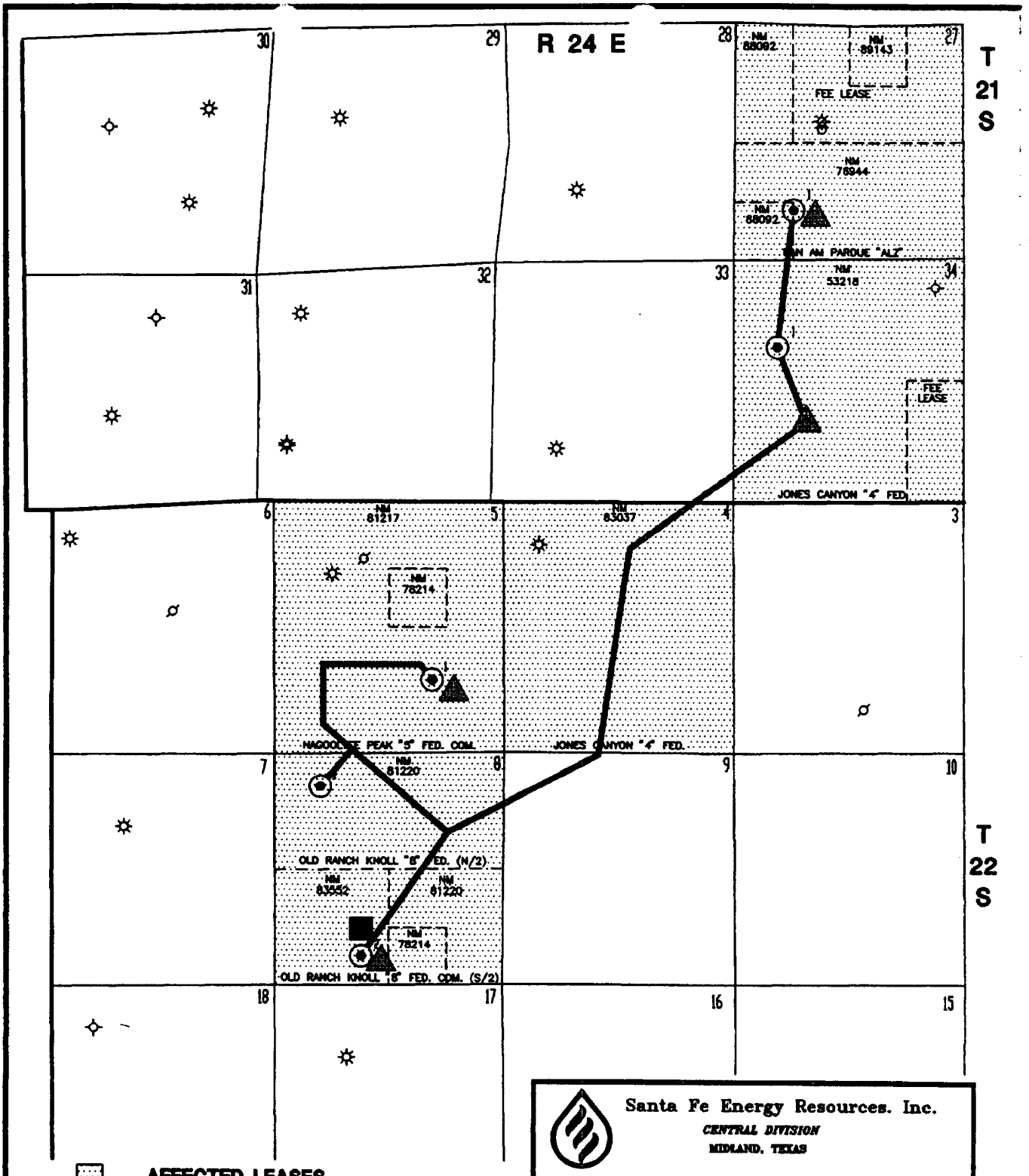

# EAST INDIAN BASIN
# TYPICAL SATELLITE LAYOUT
# EDDY COUNTY, N.M.

EXHIBIT 2

NOT TO SCALE

JULY 11, 1994
E.P.S. JOB NO. 94-035

**Santa Fe Energy Resources, Inc.**
Central Division, 550 W. Texas, Suite 1330, Midland, Tx. 79701
915/687-3551




**AFFECTED LEASES**
(FEDERAL LEASE NUMBERS NOTED)

**PROPOSED CENTRAL BATTERY**

**AFFECTED WELLS**

**PROPOSED SATELLITE BATTERIES**
(LOCATED ON WELL PAD)

**PROPOSED GATHERING SYSTEM**
(APPROXIMATE ROUTE)

Santa Fe Energy Resources, Inc.
*CENTRAL DIVISION*
MIDLAND, TEXAS

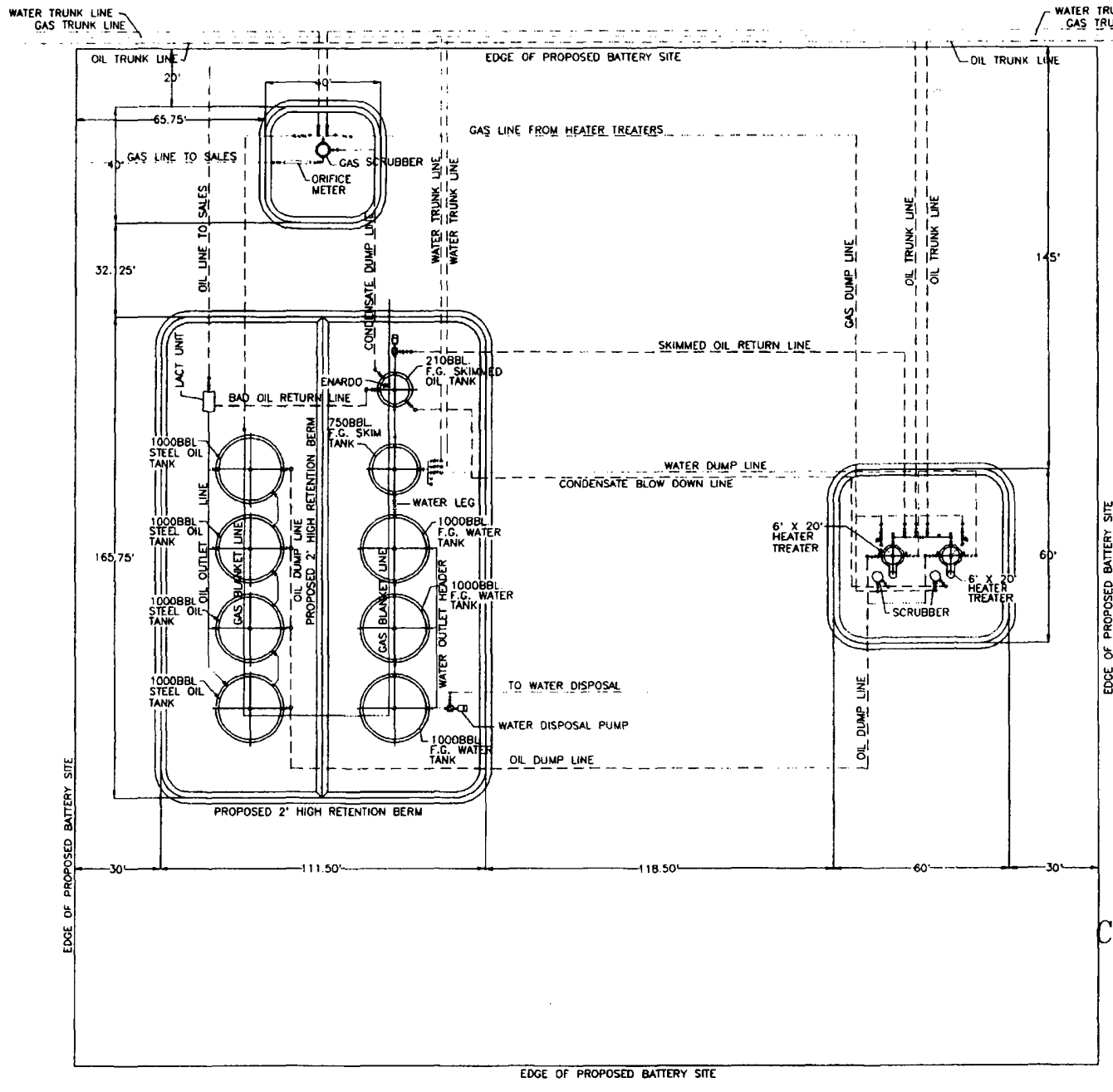
East Indian Basin Area

Eddy County, New Mexico

# CENTRAL & SATELLITE BATTERY SYSTEM

**EXHIBIT 1**

Eng. By: Don Rogers
Scale: 1" =3000'
Date: 9-25-94
Name: SATBAT.DWG
File:




# EAST INDIAN BASIN
# CENTRAL TANK BATTERY
# EDDY COUNTY, N.M.

## EXHIBIT 3

SCALE: 1" = 50'

JULY 11, 1994
E.P.S. JOB NO. 94-035

**Santa Fe Energy Resources, Inc.**
Central Division, 550 W. Texas, Suite 1330, Midland, Tx. 79701
915/687-3551