

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

April 5, 1993

New Mexico Oil Conservation Div.
P.O. Drawer DD
Artesia, New Mexico 88211

ATTN: Mr. Mike Williams

Re: Los Medanos's Field Allowable
Pure Gold "C-17" #4 Well
SFEOP Cont. #NM-4515
Sec. 17: T-23-S, R-31-E
Eddy County, New Mexico

Gentlemen:

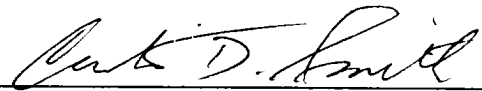
Reference is made to conversations between Santa Fe Energy personnel and OCD personnel regarding the allowable for the captioned field and well. Attached please find Order No. R-9568 allowing Yates Petroleum Corporation to produce 187 BOPD for the Los Medanos-Delaware Pool, Eddy County, New Mexico. In this regard, Santa Fe Energy will produce its wells in the captioned field at 187 BOPD.

If you have any questions or comments, please call me at (915) 686-6631.

Yours very truly,

SANTA FE ENERGY OPERATING PARTNERS, L.P.

By: Santa Fe Pacific Exploration Company
Managing General Partner

By: 
Curtis D. Smith, Senior Landman

CDS/efw
1 Atch a/s

cc: Lou Shuflin
(Div. Prod. Mgr.)

EWP747

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

Fax 915-686-6714

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

AUG 30 1991
CASE NO. 10327
ORDER NO. R-9568

APPLICATION OF YATES PETROLEUM CORPORATION
FOR POOL EXTENSION AND THE ASSIGNMENT OF A
SPECIAL DEPTH BRACKET OIL ALLOWABLE, EDDY
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 13 and June 27, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of August, 1991 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, Yates Petroleum Corporation, seeks to extend the horizontal limits of the Los Medanos-Delaware Pool to include the S/2 of Section 9, the N/2 and SE/4 of Section 16, and the N/2 of Section 21, all in Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) Further, the applicant seeks a special depth bracket allowable, pursuant to Division (General) Rule 505(d), for said pool whereby the allowable would be based on the deepest perforation (rather than the shallowest as provided for in General Rule 505(a)) in its Medano "VA" State Well No. 1.

(4) By Division Order No. R-9473, dated March 28, 1991 and made effective April 1, 1991, the Division created and defined the Los Medanos-Delaware Pool for the production of oil from the Delaware formation, with its horizontal limits comprising the SW/4 of Section 16, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico. The discovery well for this pool was Yates Petroleum Corporation's Medano "VA" State Well No. 1 located in the NE/4 SW/4 (Unit K) of said Section 16 which was completed in the Delaware formation on October 30, 1990 through the following perforated intervals (shown in feet):

Bell Canyon Interval	Brushy Canyon Interval
4218 - 4226	7825 - 7828
4229 - 4237	7838 - 7844
	7846 - 7856

(5) Pursuant to Division General Rule 505.A. the pool's assigned depth bracket allowable, as requested by the applicant, would be increased from its present 80 barrels of oil per day to 187 barrels of oil per day per 40-acre oil spacing and proration unit.

(6) The applicant has recently completed a second well, its Medano "VA" State Well No. 3 located 2310 feet from the North line and 1650 feet from the West line (Unit F) of said Section 16, in the same corresponding intervals as the discovery well.

(7) Geological and engineering evidence indicate that neither productive interval within the pool dominates the other and at this time there appear to be no adverse effects in producing both zones within the Delaware formation together.

(8) Both wells in said pool are capable of producing in excess of the current 80-barrel depth bracket allowable.

(9) The evidence presently available indicates that an increased rate of production from said pool will not result in damage to the reservoir nor have an adverse effect on the ultimate recovery from the pool but should instead be improved thereby.

(10) No offset operator or interested party appeared at the hearing in opposition to this application.

(11) Approval of the applicant's request for an increased oil allowable should serve to prevent waste and will not violate correlative rights.

(12) Division General Rule 104.A provides that wells drilled within one mile of a designated pool will be subject to the rules governing that pool; therefore, since any wells drilled to the Delaware formation within the area requested for expansion are within one mile of the horizontal limits of said pool, such request is premature and unnecessary. Further, any future expansion should be made under the normal nomenclature process through the Artesia District Office of the Division.

IT IS THEREFORE ORDERED THAT:

(1) Effective September 1, 1991, a special depth bracket allowable of 187 barrels of oil per day is hereby established for the Los Medanos-Delaware Pool, Eddy County, New Mexico.

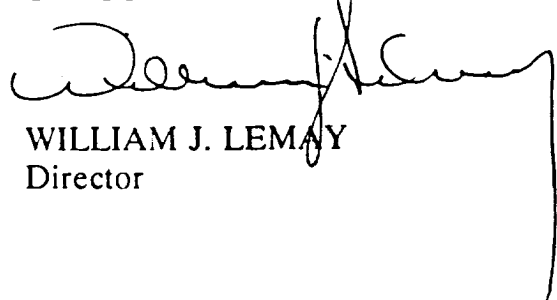
(2) The Division Director may, at any time it appears that reservoir damage is apparent or other evidence of waste occurring, rescind the provision of the order and cause the top unit allowable for the Los Medanos-Delaware Pool to revert back to 80 barrels of oil per day.

(3) The applicant's request to extend the horizontal limits of said pool to include the S/2 of Section 9, the N/2 and SE/4 of Section 16 and the N/2 of Section 21, all in Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico is hereby denied at this time.

(4) Jurisdiction of this cause is 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