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OIL CONSERVATION DIVISION
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WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN

November 5, 1992

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CHARLES A. SUTTON*
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH

*NOT LICENSED IN NEW MEXICO

HAND DELIVERED

William J. LeMay, Director
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: **Request for Administrative Approval of an Unorthodox Gas Well Location**

Dear Mr. LeMay:

Santa Fe Energy Operating Partners, L.P. requests administrative approval of an unorthodox gas well location, due primarily to topographical conditions, for its Lambchop 20 Fed. Com. No. 1 Well, to be located 1817 feet FEL and 467 feet FNL of Section 20, Township 24 South, Range 25 East, Eddy County, New Mexico. The well is a proposed 10,500 foot Strawn test, and the proration unit is the N $\frac{1}{2}$ of Section 20.

The reason for the proposed unorthodox location is that the preferred standard location (660 feet FNL and 1980 feet FEL) is on the edge of Juniper Canyon, as are several other standard locations. (See Exhibit A.) Furthermore, the proposed well site minimizes surface disturbance by using an existing road to get near the well site. (See Exhibit B).

Geologically, Santa Fe Energy wishes to stay close to the recently drilled Lambchop 17 No. 1 Well, immediately to the north. (See Exhibit B). The Lambchop 17 No. 1 Well encountered an algal mound, although it was tight (the well is uneconomic). A dipmeter in that well indicated that the reef improves to the south. Because the reefs are limited in horizontal extent, Santa Fe Energy

William J. LeMay
November 5, 1992
Page 2

desires to drill the proposed well near the northern line of the section. If you have any questions concerning the geology, please call Don Eckerty at Santa Fe Energy, (915) 686-6627.

Enclosed as Exhibit C is a plat showing the proposed well location and the offset lessees. Santa Fe Energy is the lessee or operator of Sections 16, 17, S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ Section 19, S $\frac{1}{2}$ Section 20, and NW $\frac{1}{4}$ Section 21 (Santa Fe Energy is the operator of the Exxon acreage). Maralo Inc. is the lessee of the S $\frac{1}{2}$ Section 18, and has acquired the Pacific Enterprises (Tena Resources) acreage in the N $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$ NW $\frac{1}{4}$ Section 19. Javelina Partners is the lessee of the SW $\frac{1}{4}$ of Section 21. This information is current and correct. Waivers from the offsets have been obtained and will be forwarded to you shortly.

Finally, enclosed as Exhibit D are Forms C-101 and C-102.

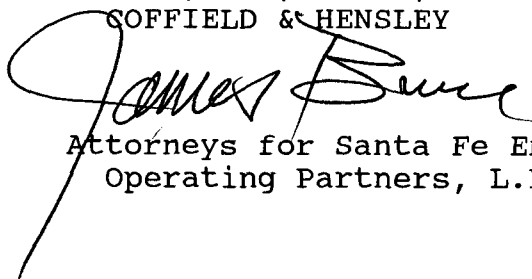
Santa Fe Energy requests that it not be required to directionally drill the well to a standard bottomhole location because the requested location is very close to a standard location, and because Santa Fe Energy owns or operates the affected offsetting acreage.

Notice of this application was sent to all offsetting operators by certified mail. The certified return receipts will be forwarded to the Division upon receipt by us.

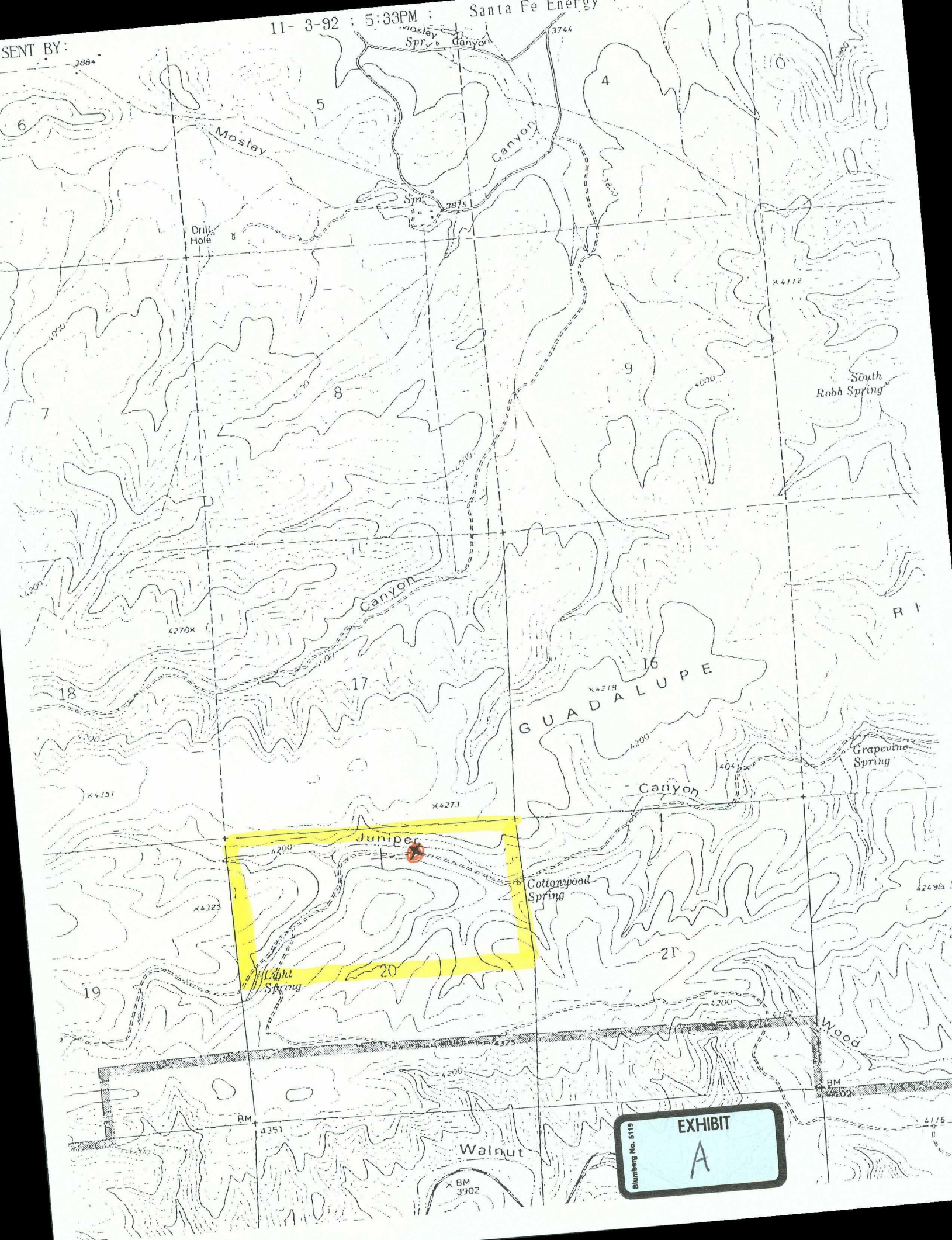
An original and two copies of this application are being submitted.

Very truly yours,

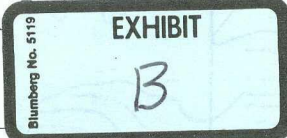
HINKLE, COX, EATON,
COFFIELD & HENSLEY

A handwritten signature in black ink, appearing to read "James Bruce", is written over the typed name of the law firm.

Attorneys for Santa Fe Energy
Operating Partners, L.P.



NW/4 CARLSBAD CAVERNS EAST 15' QUADRANGLE



DATE
PAGE

C

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease

STATE ☐FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒RE-ENTER ☐DEEPEN ☐- PLUG BACK ☐

b. Type of Well:

OIL

WELL ☐

GAS

WELL ☒

OTHER

SINGLE

ZONE ☒

MULTIPLE

ZONE ☐

7. Lease Name or Unit Agreement Name

Lambchop "20" Federal Com.

2. Name of Operator

Santa Fe Energy Operating Partners, L.P.

8. Well No.

1

3. Address of Operator

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

9. Pool name or Wildcat

Undesignated (Strawn)

4. Well Location

Unit Letter

B

: 479

Feet From The North

Line and

1814

Feet From The

East

Line

Section 20

Township 24S

Range 25E

NMPM

Eddy

County

10. Proposed Depth

10,500'

11. Formation

Strawn

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

GR-4137.9'

14. Kind & Status Plug Bond

Blanket-Current

15. Drilling Contractor

To be determined

16. Approx. Date Work will start

November 12, 1992

17.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	48.0	450'	450	Surface
12-1/4"	8-5/8"	32.0	2700'	1600	Surface
7-7/8"	5-1/2"	17.0	10,500'	700	6000'

Move on location and rig up. Spud 17-1/2" hole and drill to +450'. Run 13-3/8" casing and cement with sufficient Class "C" containing 2% CaCl₂ to circulate to surface. WOC 4 hours prior to cut off and weld on 13 3/8" casing head and NU 13 5/8" annular BOP. Test casing and BOP to 600 psi for 30 minutes. Drill a 12-1/4" hole to +2700'. Run 8-5/8" casing and cement with sufficient Class "C" containing 2% CaCl₂ to circulate to surface (if circulation is lost a stage collar with an external casing packer will be run to circulate cement to surface). WOC 6 hours prior to cut off and weld on 8 5/8" casing head. NU 11" X 5000 psi BOP stack on 8-5/8" casing- to consist of an annular BOP, double ram preventer, rotating head, and choke manifold. Test casing to 1500 psi. and BOP stack to 5000 psi. Drill 7-7/8" hole to 10,500'. Log, run 5-1/2" casing and cement to 6000' with Class "H" cement + 1.0% fluid loss additive + 5% salt.

This location is unorthodox due to topographic reasons. Administrative approval of the location will be applied for separately through the Santa Fe NMOC office.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Darrell Roberts

TITLE

Senior Drilling Engineer

DATE

Oct. 29, 1992

TYPE OR PRINT NAME

Darrell Roberts

TELEPHONE NO.

915-687-3551

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:



DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

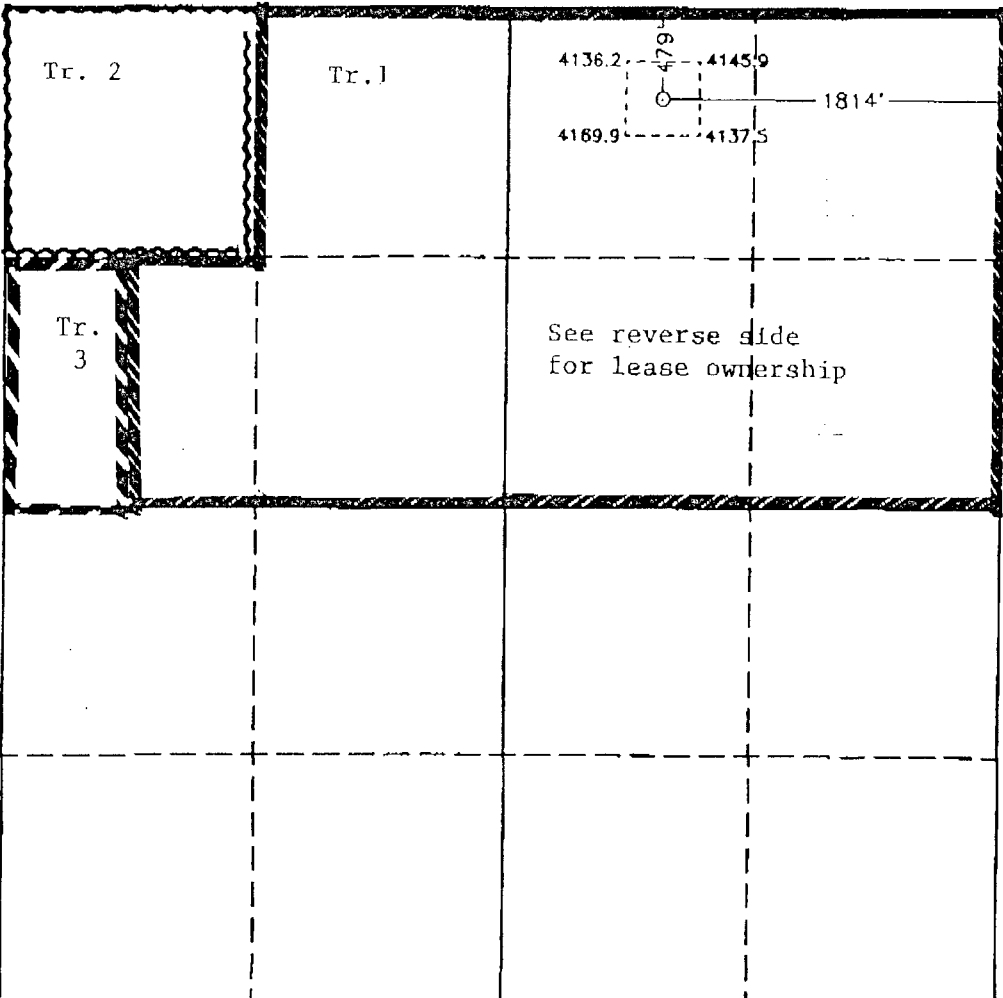
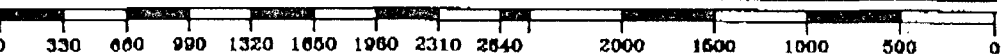
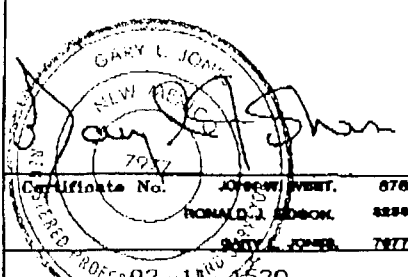
OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator SANTA FE ENERGY OPERATING PARTNERS, LP			Lease LAMBCHOP "20" FEDERAL COM.		Well No. 1
Unit Letter B	Section 20	Township 24 SOUTH	Range 25 EAST	NMPM	County EDDY
Actual Footage Location of Well: 479 feet from the NORTH line and 1814 feet from the EAST line					
Ground Level Elev. 4137.9	Producing Formation Strawn		Pool Undesignated (Strawn) Gas		Dedicated Acreage: 320.00 Acres
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? ☒ Yes ☐ No If answer is "yes" type of consolidation COMMUNITIZATION If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.) No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.					
			OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Darrell Roberts</i> Printed Name Darrell Roberts Position Senior Drilling Engineer Company Santa Fe Energy Operating Partners, L.P. Date October 29, 1992		
			SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief. Date Surveyed OCTOBER 9, 1992 Signature & Seal of Professional Surveyor 		

Tr. 1 E/2SW/4NW/4, E/2NE/4, NE/4

Tr. 2 NW/4NW/4

Tr. 3 W/2SW/4NW/4

<u>Tr. 1</u>	<u>WI OWNERSHIP</u>	<u>WIZ</u>
E/2SW/4NW/4,	SFEOP L.P.	23.75
E/2NE/4,	MARSHALL & WINSTON	12.50
NE/4	CNG	23.75
	EXXON	<u>40.00</u>
		100.00
	Royalty Ownership	18.75
	Barbera J. Wendt, et al	

<u>Tr. 2</u>	<u>WI OWNERSHIP</u>	<u>WIZ</u>
NW/4NW/4	SFEOP, L.P.	23.75
	MARSHALL & WINSTON	12.50
	CNG	23.75
	EXXON	<u>40.00</u>
		100.00
	Royalty Ownership	12.50
	BLM -NM-64483	

<u>Tr. 3</u>	<u>WI OWNERSHIP</u>	<u>WIZ</u>
W/2SW/4NW/4	SFEOP, L.P.	23.75
	MARSHALL & WINSTON	12.50
	CNG	23.75
	EXXON	<u>40.00</u>
		100.00
	Royalty Ownership	18.75
	Robert L. Kincaid, et al	

**Santa Fe Energy Operating Partners, L.P.**

Santa Fe Pacific Exploration Company
Managing General Partner

CERTIFIED MAIL - RETURN RECEIPT

November 3, 1992

TO: Offset Operators
(See Attached List)

Re: Lamb Chop "20" Fed. Com. #1
1817' FEL & 467' FNL Sec. 20
T-24-S, R-25-E, N.M.P.M.
Eddy County, New Mexico

Gentlemen:

Santa Fe Energy has staked the Lamb Chop "20" Fed. Com No. 1 at 1817' FEL & 467' FNL Sec. 20, T-24-S, R-25-E, N.M.P.M. Eddy County, New Mexico as a 10,500' Strawn test.

This location is staked at an unorthodox location due to topographic reasons. Santa Fe Energy Operating Partners, L.P. has applied for an administrative approval of this location with the State of New Mexico Oil Conservation Division. Santa Fe is requesting that the offsetting operators grant a waiver of objection to the unorthodox location by signing both copies of this letter in the space provided and returning one copy to the Santa Fe address at the bottom of the letterhead to the attention of Curtis D. Smith.

Please return a copy by fax to (915) 686-6714 and one by mail, since we are anxious to receive approval from the State and spud this well at an early date.

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

Permian Basin District
650 W. Texas, Suite 1030
Midland, Texas 79701
915/697-3531

ST 2 W 6 MON 26,

RECEIVED

OIL CONSERVATION DIVISION

Page 2
Offset Operators
November 3, 1992

Waiver of objection APPROVED
this 4th day of November, 1992

BY: Mark Wheeler
Mark Wheeler, CPL
(Typed)

Title: District Landman

Company Name: Maralo Inc.

EWP397

SENT BY:

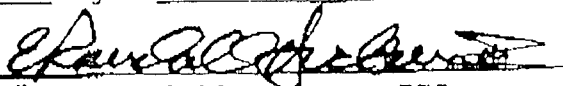
11- 5-92 :11:27AM : Santa Fe Energy -
11- 3-92 : 5:00PM : Santa Fe Energy -

:# 6/ 6
8173340442: 3/ 4

SENT BY:

Page 2
Offset Operators
November 3, 1992

Waiver of objection APPROVED
this 3rd day of November, 1992

BY: 
(Typed) E. Randall Hudson, III

Title: General Partner
Javelina Partners
Company Name: Javelina Partners

EWP397

SENT BY:
SENT BY:

11- 6-92 : 4:32PM : Santa Fe Energy -
11- 9-92 : 4:52PM : Santa Fe Energy -

:# 4/ 4

915 884 9836:# 4/ 4

LIST - OFFSET OPERATORS

Lamb Chop "20" Fed Com #1

Maralo Inc.
223 West Wall, Suite 900
Midland, Texas 79702
ATTN: Mr. Mark Wheeler
Fax #684-9836

Pacific Enterprises Oil Co. (USA)
3040 Post Oak Blvd., Suite 600
Houston, Texas 77056-6510
ATTN: Mr. K. J. Ikel, Land Mgr.
Fax #(713) 968-6945

Hudson & Hudson
616 Texas Street
Fort Worth, Texas 76102
ATTN: R. E. Hudson, III
Fax #(817) 334-0442

EWP398