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#### NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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	[B]	Offset (	Operators, I	Leaseholders	or Surfac	e Owner		
	[C]	☐ Applica	ation is One	: Which Req	uires Pub	lished Lega	Notice	
	[D]			r Concurrent				
	[E]	☐ For all	of the abov	e, Proof of N	Votificatio	n or Publica	ntion is Attac	ched, and/or,
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#### NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

#### ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

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Applic	(PC-	[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] which comming [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] ualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF A	PPLICATION - Check Those Which Apply for [A]  Location - Spacing Unit - Directional Drilling  WNSL UNSP UDD USD
	Check [B]	Cone Only for [B] and [C] Commingling - Storage - Measurement  DHC DCTB PLC DPC DOLS DOLM
	[0]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery Support Suppo
[2]	NOTIFICAT [A]	TION REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners
	[B]	Offset Operators, Leaseholders or Surface Owner
	[C]	☐ Application is One Which Requires Published Legal Notice
	[D]	U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

### [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement more be completed by an individual with supervisory capacity.

Title

Note: Statement more be completed by an individual with supervisory capacity.

Allegang

Title

Date

#### KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE POST OFFICE BOX 2265

F051 011162 80X 2203

SANTA FE, NEW MEXICO 87504-2265

Jason Kellahin (RETIRED 1991) JU

July 6, 2000

TELEPHONE (505) 982-4285 Telefax (505) 982-2047

#### **Hand Delivered**

W. THOMAS KELLAHIN"

"NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN THE AREA OF NATURAL RESOURCES-OIL AND GAS LAW

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Administrative Application

Outland State Unit Well No. 1-Y W/2 Section 12, T21S, R34E, NMPM Application of Santa Fe Snyder Corporation for an unorthodox gas well location, Lea County, New Mexico

Dear Mr Stogner:

On behalf of Santa Fe Snyder Corporation, please find enclosed our administrative application for an unorthodox gas well location for the referenced well which was drilled at a location 739 feet from the west line and 638 feet from the south line of Section 12 and dedicated to the W/2 of this section.

W. Thomas Kellahin

cc: Santa Fe Snyder Corporation
Attn: Steve Smith

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

IN THE MATTER OF THE ADMINISTRATIVE APPLICATION OF SANTA FE SNYDER CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO

#### **ADMINISTRATIVE APPLICATION**

Comes now SANTA FE SNYDER CORPORATION ("Santa Fe") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for administrative approval to produce its Outland State Unit Well No. 1-Y at an unorthodox gas well location 739 feet from the west line and 638 feet from the south line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, for production from the Morrow formation, Wilson-Morrow Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the W/2 of this section.

In support thereof, Applicant states:

- 1. Applicant, Santa Fe, is the operator of the Outland State Unit Well No. 1 which is located in the W/2 of Section 1, T21S, R34E, Lea County, New Mexico. See Exhibit 1 is a plat which includes a nine section area around this unit showing the offsetting ownership.
- 2. The Outline State Unit Well No. 1 was originally spud on December 5, 1999 at a standard location 660 feet from the south and west lines of this Section. See Exhibit 2 which is the C-102.
- 3. On December 16, 1999 after reaching a depth of 5,758 feet the hole was junked and abandoned on December 24, 1999. On December 25, 1999, the decision was made to skid the rig due east and re-drill. Due to an oversight (the field supervisor assumed that State Highway 176 ran true east-west), the rig was skid to its current location at 638 feet from the south line and 739 feet form the west line which is unorthodox. See Exhibit 3 which is the C-102 for the replacement well.

NMOCD Administrative Application Santa Fe Snyder Corporation -Page 2-

- 4. This well location is subject to the Division's General Rule 104 which provides for 320-acre spacing units and standard well locations not closer than 660 feet to any boundary of that 160 acre portion of the 320-acre spacing unit in which the well is location.
  - 5. Santa Fe has dedicated the W/2 of Section 12 to the well.
- 6. This well is located at a standard distance from diagonally offsetting Section 14 but encroaches towards Section 13.
- 7. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.
- 8. Santa Fe has sent notification of this application to the parties shown on Exhibit "A".

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

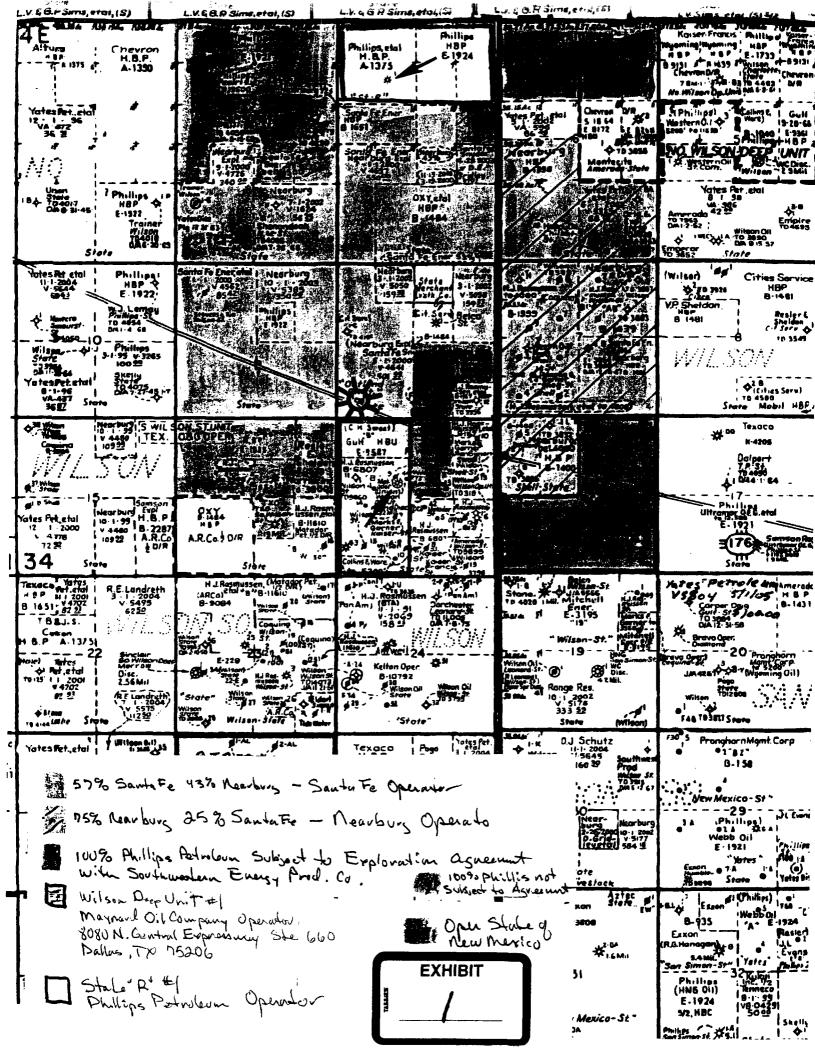
W. Thomas Kellanin

P. O. Box 2265/

BY

Santa Fe, New Mexico 87504

(505) 982-4285



DISTRICT II P. O. Drawer DD Artesia, NM 88211-0719

DISTRICT III 1000 Rio Brazos Fd. Aztec, NM 87410

## OIL CONSERVATION DIVISION P. O. Box 2088 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate District Office State Lease — 4 copies Fee Lease — 3 copies

AMENDED REPORT

DISTRICT IV
P. 0. Box 2088
Santa Fe, NM 875:17-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT

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P. U. BOX 1980 Hobbs, NM 8824 -1980

Eng

Minerals, and Natural Resources Department

\* instructions on book

P. O. Drower DO Artheid, NM 88211-0719 DISTRICT III 1000 Rio Brezoe Rd. Aztec, NW 87410

### OIL CONSERVATION DIVISION F. O. Nez 3062 Santa Fe, New Mexico 87504-8068

AMENDED REPORT

P. O. Ber 2088
Sente Fe, NM 8: 507-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT

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\*\* TOTAL PAGE.003 \*\*



#### EXHIBIT "A"

Section 13, T21S, R34E, NMPM

#### W/2NE/4:

Commissioner of Public Lands P. O. Box 1148
Santa Fe, New Mexico 87504

#### E/2NE/4:

Shell Western E&P, Inc. P. O. Box 576 Houston, Texas 77001-0576

Matador E&P Co., Inc. 8340 Meadow Road, Ste 158 Dallas, Texas 75231

Texaco, Inc. P. O. Box 3109 Midland, Texas 79702

Chevron USA Inc. Claydesta Plaza 15 Smith Road Midland, Texas 79705

Phillips Petroleum Company 4044 Penbrook Odessa, Texas 79762

#### SW/4, S/2NW/4:

Matador E&P Company, Inc. 8340 Meadow Road, Ste 158 Dallas, Texas 75231

Wilson Oil Company
P. O. Box 627
Santa Fe, New Mexico 87501

Southwest Royalties P. O. Box 11390 Midland, Texas 79702 Lucille T. Ellis Glen J. Ellis, Jr. Ellis Petroleum Corp 500 N. Big Spring Midland, Texas 79701

RJR Resources 550 West Texas, Ste 200 Midland, Texas 79701

Permian West I, LLC 37553 N. 94th Scottsdale AZ 85262

#### N/2NW/4:

Union Oil Company of California Drawer 3100 Midland, Texas 79702

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

IN THE MATTER OF THE ADMINISTRATIVE APPLICATION OF SANTA FE SNYDER CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO

#### ADMINISTRATIVE APPLICATION

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- 1. Applicant, Santa Fe, is the operator of the Outland State Unit Well No. 1 which is located in the W/2 of Section 1, T21S, R34E, Lea County, New Mexico. See Exhibit 1 is a plat which includes a nine section area around this unit showing the offsetting ownership.
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NMOCD Administrative Application Santa Fe Snyder Corporation -Page 2-

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- 8. Santa Fe has sent notification of this application to the parties shown on Exhibit "A".

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

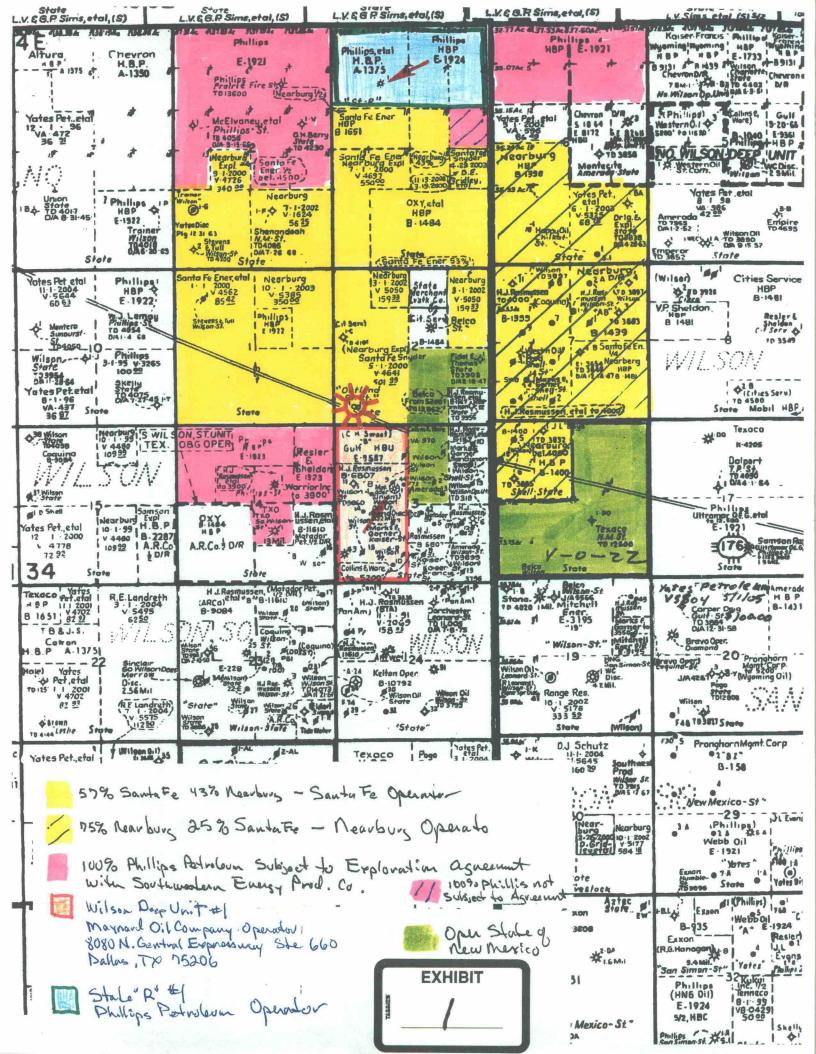
W. Thomas Kellahin

P. O. Box 2265/

BY

Santa Fe, New Mexico 87504

(505) 982-4285



DISTRICT II P. O. Drawer DD Artesia, NM 88211 0719

DISTRICT III 1000 Rio Brazos Fd. Aztec, NM 87410

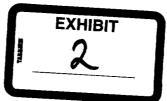
## OIL CONSERVATION DIVISION P. O. Box 2088 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate District Office State Lease — 4 copies Fee Lease — 3 copies

AMENDED REPORT

DISTRICT IV
P. 0. Box 2088
Santa Fe, NM 875-17-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT

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Minerals, and Natural Resources Department

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instructions on book

P. O. Drower DO Artheid, NM 88211-0719 OIL CONSERVATION DIVISION

P. O. Bez 2068 Santa Fe, New Mexico 87504-8068 DATESCT III 1000 No Brezoe Rd. Aztec, NM 87410

AMENDED REPORT

P. O. Sex 2088
Sente Fe. NM 8:507-2088 WELL, LOCATION AND ACREAGE DEDICATION PLAT

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\*\* TOTAL PAGE.003 \*\*



#### EXHIBIT "A"

Section 13, T21S, R34E, NMPM

#### W/2NE/4:

Commissioner of Public Lands P. O. Box 1148
Santa Fe, New Mexico 87504

#### E/2NE/4:

Shell Western E&P, Inc. P. O. Box 576 Houston, Texas 77001-0576

Matador E&P Co., Inc. 8340 Meadow Road, Ste 158 Dallas, Texas 75231

Texaco, Inc. P. O. Box 3109 Midland, Texas 79702

Chevron USA Inc. Claydesta Plaza 15 Smith Road Midland, Texas 79705

Phillips Petroleum Company 4044 Penbrook Odessa, Texas 79762

#### SW/4, S/2NW/4:

Matador E&P Company, Inc. 8340 Meadow Road, Ste 158 Dallas, Texas 75231

Wilson Oil Company
P. O. Box 627
Santa Fe, New Mexico 87501

Southwest Royalties P. O. Box 11390 Midland, Texas 79702 Lucille T. Ellis Glen J. Ellis, Jr. Ellis Petroleum Corp 500 N. Big Spring Midland, Texas 79701

RJR Resources 550 West Texas, Ste 200 Midland, Texas 79701

Permian West I, LLC 37553 N. 94th Scottsdale AZ 85262

#### N/2NW/4:

Union Oil Company of California Drawer 3100 Midland, Texas 79702

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Description: NW/4 Sec 13(R-2742, 8-1-64)

Ext: SW Sec. 13(R-2946, 9-1-65) Ext: E/2 Sec 13 (R-4782, 6-1-74)

Ext: E/2 Sec 12 (R-5511, 9-1-77)

Contr: Vertical limits contracted to include Morrow formation

only & pool redesignated Wilson-Morrow Gas Pool (R-5781, 9-1-78)

Ext: S/2 Sec 14(R-5876, 12-1-78)

الخليج بالحاور أراطعهم

Mr. Sam Thompson with Southwest Energy called on 6/29/00 and asked about an unorthodox location for the following well:

Santa Fe Snyder Corporation Outland State Unit No. 1Y 638 FSL & 739 FWL (Unit M) of Section 12, T-21S, R-34E

Santa Fe apparently drilled a standard location for the Outland State No. 1 at 660 FSL & 660 FWL and lost the hole at 5,758. They skidded the rig and drilled the 1Y.

I could not find an NSL or R order approving the location for the 1Y

Mr. Thompson advised me that they never received any notice for this nsl and that they would have objected had they received anything. He claims he wants a penalty for the 22 feet encroachment.

Southwestern apparently owns the south offset acreage by virtue of a farmout from Phillips, and they either are drilling or plan to drill on this acreage.

I guess we need to write a letter to Santa Fe.

Sam Thompson (281)-618-4719

Talhed W/ 10.

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Thompson about

P. O. Drower 00 Artheia, NM 88211-0719

DISTRICT III 1000 No Grezoe Rd. Aztec, NN 87410

Enem Minerals, and Natural Resources Department

### OIL CONSERVATION DIVISION P. O. Ber 2088 Santa Pe, New Mexico 87504-2088

AMENDED REPORT

P. O. Ser 2088
Santa Fe, NM 8: 507-2088 WELL LOCATION AND ACREAGE DEDECATION PLAT

' AFS Nessber		* Pool Code	2 Pas	l Name							
			l	W11:	Wilson Morrow Gas						
* Property Code	Property N.		DUTLAND	STATE U		Well Person					
TOCHED No.	Operator No						* Elevation				
20305		SANT	FE SN	DER CORP	CRATION		3676				
				LOCATION							
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DISTRICT II P. O. Drawer DD Artesia, NM 88211-0719

DISTRICT III 1000 Rio Brazos Fd. Azlec, NM 87410

# OIL CONSERVATION DIVISION P. 0. Box 2088 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate District Office State Lesse — 4 copies Fee Lesse — 3 copies

AMENDED REPORT

DISTRICT IV P. O. Box 2088

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#### KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW EL PATIO BUILDING

117 NORTH GUADALUPE POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

July 6, 2000

TELEPHONE (505) 982-4285 TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN THE AREA OF NATURAL RESOURCES-OIL AND GAS LAW

W. THOMAS KELLAHIN\*

.

#### **Hand Delivered**

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Administrative Application

Outland State Unit Well No. 1-Y W/2 Section 12, T21S, R34E, NMPM Application of Santa Fe Snyder Corporation for an unorthodox gas well location, Lea County, New Mexico

#### Dear Mr Stogner:

On behalf of Santa Fe Snyder Corporation, please find enclosed our administrative application for an unorthodox gas well location for the referenced well which was drilled at a location 739 feet from the west line and 638 feet from the south line of Section 12 and dedicated to the W/2 of this section.

W. Thomas Kellahin

cc: Santa Fe Snyder Corporation
Attn: Steve Smith



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 28, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Santa Fe Snyder Corporation c/o W. Thomas Kellahin P. O. Box 2265 Santa Fe, New Mexico 87504-2265

Southwestern Energy Production Company 2350 N. Sam Houston Parkway East - Suite 300 Houston, Texas 77032

Attention: Samuel G. Thompson

**Re:** Administrative application of Santa Fe Snyder Corporation for an exception to Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its recently drilled Outland State Unit Well No.1-Y (**API No. 30-025-**34818) at an unorthodox gas well location 638 feet from the South line and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico. The W/2 of Section 12 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Undesignated Wilson-Morrow Gas Pool.

#### Dear Messrs. Kellahin and Thompson:

It is my understanding from Mr. David R. Catanach, Engineer/Hearing Examiner with the New Mexico Oil Conservation Division in Santa Fe that Mr. Samuel G. Thomson with Southwestern Energy Production Company voiced his concern over the telephone about Santa Fe Snyder Corporation's placement of the above-described Outland State Unit Well No. 1-Y. The Division's Hobbs district office under Division Rule 1303 allowed Santa Fe Snyder Corporation to skid its rig off of the Outland State Unit Well No. 1 (API No. 30-025-34736), located 660 feet from the South and West lines (Unit M) of Section 12, when a drilling problem occurred at a depth of 5,758 feet. Once it was discovered that a potential problem might exist with an offset interest owner to the placement of the Outland State Unit Well No. 1-Y, the Division requested that Santa Fe Snyder Corporation make an application pursuant to Division Rule 104.F for this unorthodox gas well location.

The Division upon reviewing Santa Fe Snyder Corporation's application dated July 6, 2000 has determined that under Division Rule 1207.A (2) (b) proper notification has been given to all affected parties to which the well is encroaching being Section 13 to the south.

It is further understood that Southwestern Energy Production Company owns the offset acreage to the southwest in Section 14; however, since this well is located further away from this acreage than a well at the nearest standard gas well location (being 660 feet from the South and West lines of Section 12), Southwestern Energy Production Company is not considered an affected party and is therefore not entitled to notice.

Assuming all current information is correct, the Division will therefore proceed accordingly in the processing of Santa Fe Snyder Corporation's July 6<sup>th</sup> application. Should Southwestern Energy Production Company have additional information that shows it to be an affected party under Division Rule 1207.A (2) (b) or disagree with the Division's actions in this matter, Southwestern Energy Production Company is encouraged to bring such action as is necessary to correct against any adverse impact to its mineral interests.

Sincerely,

Michael E. Stogner

Chief Hearing Officer/Engineer

cc:

New Mexico Oil Conservation Division - Hobbs

Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe

Mr. David R. Catanach, Engineer/Hearing Examiner - NMOCD, Santa Fe

New Mexico State Land Office - Santa Fe

File: Case 12462



### NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor

Jennifer A. Salisbury **Cabinet Secretary** 

Lori Wrotenbery Director Oil Conservation Division

Santa Fe Snyder Corporation W. Thomas Kellahin P. O. Box 2265 Santa Fe, New Mexico 87504-2265

**Maynard Oil Company** Campbell, Carr, Berge & Sheridan P. O. Box 2208 Santa Fe, New Mexico 87504-2208

Attention:

William F. Carr

Re:

Division Administrative Order NSL-4498/Division Case No. 12462.

Dear Messrs. Kellahin and Carr:

Per Mr. Carr's letter dated August 15, 2000, Division Administrative Order NSL-4498, which order approved an unorthodox gas well location within the W/2 of Section 12, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, being a standard 320-acre gas spacing and proration unit within the Undesignated Wilson-Morrow Gas Pool, for Santa Fe Snyder Corporation's Outland State Unit Well No. 1-Y (API No. 30-025-34818) located 638 feet from the South line (which is only 22 feet from a standard location) and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, New Mexico, shall be placed in abeyance until further notice.

It is my understanding that Division Case No. 12462, which is an application for the same thing, will be heard on September 7, 2000. It would appear that a location that is only 22 feet unorthodox could warrant a full hearing (I could be wrong) before a Division Hearing Examiner whose schedules and dockets are already congested, I therefore strongly urge both parties to seek an equitable solution on their own in this matter.

Michael E. Stogner

Chief Hearing Officer/Engineer

New Mexico Oil Conservation Division - Hobbs cc:

Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe

File: Case 12462

#### CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

LAWYERS

AIG 23

MICHAEL B. CAMPBELL WILLIAM F. CARR BRADFORD C. BERGE MARK F. SHERIDAN MICHAEL H. FELDEWERT TANYA M. TRUJILLO JACK M. CAMPBELL 1916-1999

JEFFERSON PLACE SUITE I - IIO NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87504-2208 TELEPHONE: (505) 988-4421

FACSIMILE: (505) 983-6043 E-MAIL: law@westofpecos.com

August 23, 2000

#### **HAND-DELIVERED**

Michael E. Stogner, Chief Hearing Officer/Engineer New Mexico Department of Energy, Minerals and Natural Resources Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12462

Outland State Unit Well No. 1

W/2 of Section 12, T-21-S, R-34-E, Lea County, New Mexico

Application of Santa Fe Snyder for an unorthodox gas well location

#### Dear Mr. Stogner:

Referencing my August 15th and your July 28th letter, I am happy to report that Santa Fe Snyder and Maynard Oil Company have resolved their differences and that Maynard Oil Company hereby withdraws its objection to Administrative Order NSL-4498.

Maynard Oil Company will therefore not be appearing in opposition to Case No. 12462 set for hearing on September 7, 2000.

Sincerely,

Michael H. Feldewert

MHF/ras

W. Thomas Kellahin, attorney for Santa Fe Snyder. cc.



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury

**Cabinet Secretary** 

August 28, 2000

Lori Wrotenbery
Director
Oil Conservation Division

NSL-4498

Santa Fe Snyder Corporation c/o W. Thomas Kellahin P. O. Box 2265 Santa Fe, New Mexico 87504-2265

Maynard Oil Company c/o Campbell, Carr, Berge & Sheridan P. O. Box 2208 Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

**Re:** Division Administrative Order NSL-4498/Division Case No. 12462.

Dear Messrs. Kellahin and Carr:

Per Mr. Carr's letter dated August 23, 2000 and Mr. Kellahin's letter dated August 28, 2000, Division Administrative Order NSL-4498, which order approved an unorthodox gas well location within the W/2 of Section 12, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, being a standard 320-acre gas spacing and proration unit within the Undesignated Wilson-Morrow Gas Pool, for Santa Fe Snyder Corporation's Outland State Unit Well No. 1-Y (API No. 30-025-34818) located 638 feet from the South line (which is only 22 feet from a standard location) and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, New Mexico, is hereby reinstated.

Further, Division Case No. 12462, set for hearing on the September 7<sup>th</sup> docket shall be dismissed.

Sincerely,

Michael E. Stogner

Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs

Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe

File: Case 12462

#### KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW
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W. THOMAS KELLAHIN\*

NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN THE AREA OF NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 28, 2000

Mr. Michael E. Stogner Oil Conservation Division 2040 South Pacheco Santa Fe. New Mexico 87505 Via Facsimile

Re:

NMOCD Case 12462
Outland State Unit Well No. 1
W/2 Section 12, T2IS, R34E.

W/2 Section 12, T2IS, R34E, Lea County, New Mexico

Application of Santa Fe Snyder Corporation for an unorthodox gas well locations

Dear Mr. Stogner:

On August 4, 2000, on behalf of Santa Fe Snyder Corporation. I sent notice of the referenced administrative application to Maynard Oil Company, who is the current offsetting operator towards whom this well encroached. On August 15, 2000, Mr. Michael H. Feldewert, Esq. filed an objection on behalf of Maynard Oil Company. On August 21, 2000, I received your letter advising that Administrative Order NSL-4498 was being held in abeyance until either (i) Maynard Oil Company's objection could be settled or, if not, then (ii) until this dispute could be decided by the Division pursuant to an examiner's hearing scheduled for September 7, 2000. By letter dated August 23, 2000, Mr. Feldewert, on behalf of Maynard Oil Company, informed you that this objection was resolved and he was withdrawing its objection.

A review of the Division file reflects that Maynard Oil Company was the only affected interest owner to file a timely objection to Santa Fe Snyder Corporation's administrative application. Previously, on July 8, 2000, I had sent notification to the working interest owners in Section 13 and none of those owners filed a timely objection by the July 28, 2000 deadline.

Because Maynard Oil Company's objection is now resolved, we request that you dismiss Case 12462 and reinstate Administrative Order NSL-4498.

yours,

W. Thomas Kellahin

cfx: Santa Fe Snyder Corporation
Attn: Curtis Smith
Michael H. Feldewert, Esq.
Attorney for Maynard Oil Company

### CAMPBELL, CARR, BERGE 8 SHERIDAN, P.A.

LAWYERS

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August 23, 2000

#### **HAND-DELIVERED**

Michael E. Stogner, Chief Hearing Officer/Engineer New Mexico Department of Energy, Minerals and Natural Resources Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12462 Outland State Unit Well No. 1

W/2 of Section 12, T-21-S, R-34-E, Lea County, New Mexico Application of Santa Fe Snyder for an unorthodox gas well location

Dear Mr. Stogner:

Referencing my August 15<sup>th</sup> and your July 28<sup>th</sup> letter, I am happy to report that Santa Fe Snyder and Maynard Oil Company have resolved their differences and that Maynard Oil Company hereby withdraws its objection to Administrative Order NSL-4498.

Maynard Oil Company will therefore not be appearing in opposition to Case No. 12462 set for hearing on September 7, 2000.

Sincerely,

Michael H. Feldewert

MHF/ras

cc. W. Thomas Kellahin, attorney for Santa Fe Snyder.