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May 17, 1994

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VIA HAND DELIVERY

Florene Davidson
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

Dear Florene:

Enclosed are an original and two copies of the following five applications filed on behalf of Santa Fe Energy Operating Partners, L.P.:

1. Amended Application in Case No. 10977. Due to the amendment, please continue this case for two weeks (it is currently scheduled for the May 26, 1994 hearing).

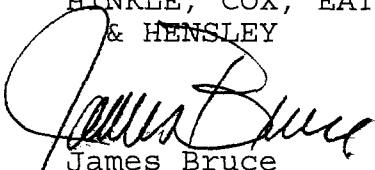
2. Application to Contract the Indian Basin-Upper Pennsylvanian Gas Pool and expand the Indian Basin-Upper Pennsylvanian Associated Pool.

3. Three separate applications for unorthodox locations and non-standard units.

Also enclosed are proposed advertisements for each application.

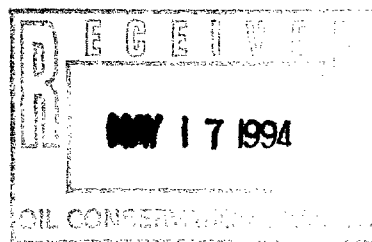
Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

JB/bc

Enclosures



BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. FOR AN
UNORTHODOX WELL LOCATION AND A
NON-STANDARD SPACING AND PRORATION
UNIT, EDDY COUNTY, NEW MEXICO.

MAR 17 1994

No. 10,977

AMENDED APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an unorthodox well location and a non-standard spacing and proration unit in the E $\frac{1}{2}$ of Section 7, Township 22 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in the E $\frac{1}{2}$ of said Section 7.

2. Applicant proposes to drill its Old Ranch Canyon 7 Fed. No. 1 Well at an unorthodox location 660 feet from the North line and 1980 feet from the East line of the Section, to a depth sufficient to test the Cisco/Canyon formation.

3. The proposed well is within the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool, which is spaced on 640 acres pursuant to Order No. R-2240. Applicant will complete the well in the interval producing in the adjoining Indian Basin-Upper Pennsylvanian Associated Pool, which is spaced on 320 acres. Based on recent well completions in the immediate area, Applicant anticipates the well will be completed as an oil well. As a result, Applicant seeks to dedicate the E $\frac{1}{2}$ of Section 7 to the well, and form a 320 acre non-standard spacing and proration unit, as permitted by Rule 3 of Order No. R-2440.

4. The unorthodox location is necessitated by both topographic/environmental and geologic reasons.

5. Concurrently with the filing of this application, Applicant has filed an application to contract the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom all of Section 7, Township 22 South, Range 24 East, N.M.P.M., and simultaneously expand the boundaries of the Indian Basin-Upper Pennsylvanian Associated Pool to include said acreage. Under the special pool rules for the Indian Basin-Upper Pennsylvanian Associated Pool, the above location and unit are standard. This application is made in the event the contraction/extension application is denied.

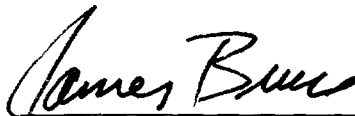
6. The approval of the unorthodox well location and non-standard unit will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that the Division grant the relief requested above.

Dated: May 17, 1994.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY



James Bruce
Post Office Box 2068
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Attorneys for Applicant

Proposed Advertisement

Case No. 10,977: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and a non-standard spacing and proration unit, Eddy County, New Mexico. Applicant seeks approval for an unorthodox location for a well to be drilled 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 7, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool. The E $\frac{1}{2}$ of said Section 7 will be dedicated to the well, forming a non-standard 320 acre spacing and proration unit for said pool. Said unit is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.

MAY 11 1994