APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR POOL CONTRACTION AND EXPANSION, EDDY COUNTY, NEW MEXICO.

ì

CASE NO. 10986

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

CASE NOS. 10977, 10988, and 10989

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO)	
)	SS.
COUNTY OF SANTA FE)	

Gary Green, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18 and have personal knowledge of the matters stated herein.

2. I am an employee of Applicant herein.

3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Applications herein.

4. Notice of the Applications was provided to the interest owners at their correct addresses by mailing them, by certified mail, copies of the Applications. Copies of the notice letter and certified return receipts are attached hereto.

5. Applicant has complied with the notice provisions of Rule 1207.

NER RENDO. OIL CONSERVATION DIVISION <u> 2</u>

0135 NO.

SUBSCRIBED AND SWORN TO before me this $\frac{24}{2}$ day of June, 1994, by Gary Green.

Notary Public

My Commission Expires:

8-15-95

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company Managing General Partner

CERTIFIED MAIL-RETURN RECIEPT

May 19, 1994

TO: OFFSET OPERATORS (See Attached List)

> Re: Application for Contraction and Expansion of a Pool & Non-Standard Locations
> Old Ranch Knoll 7 Fed. No. 1
> Old Ranch Knoll 7 Fed. No. 2
> James Ranch 4 Fed. No. 1
> Nagooltee Peak 5 Fed. No. 2
> Eddy County, New Mexico

Gentlemen:

Enclosed are applications filed at the New Mexico Oil Conservation Division by Santa Fe Energy Operating Partners, L.P.'s which are as follows:

1. Application for Contraction of a Pool and Expansion of a Pool

Sections 4-8, Township 22 South, Range 24 East Section 1, Township 22 South, Range 24 East

2. Unorthodox Well Location and Non-Standard Spacing and Proration Unit

- a.) E/2 Section 7, Township 22 South, Range 24 East
- b.) W/2 Section 7, Township 22 South, Range 24 East
- c.) S/2 Section 4, Township 22 South, Range 24 East
- d.) N/2 Section 5, Township 22 South, Range 24 East

These matters are scheduled for hearing on Thursday, June 9, 1994 at 8:15 a.m. at the

Central Division 550 W. Texas, Suite 1330 Midland, Texas 79701 915/687-3551 May 19, 1994 Page -2-

Division's offices at 310 Old Santa Fe Trail, Santa Fe, New Mexico. Failure to appear at that time will preclude you from contesting this matter at a later date.

Very truly yours,

SANTA FE ENERGY OPERATING PARTNERS, L.P. By: Santa Fe Pacific Exploration Company Managing General Partner

_____ By Lee Gary Green, Division Landman

GG: kst Enclosures Page -3-OFFSET / FIELD OPERATORS

AMA Oil & Gas, Inc. C 158 947 322 P.O. Box 42806 Houston, Texas 77042 Attn: Land Department

MW Petroleum Corporation C 158 947 316 3300 North "A" Street, Suite 8220 Midland, Texas 79705 Attn: Land Department

Texaco Exploration & Production, Inc. C 158 947 319 P.O. Box 2100 Denver, Colorado 80202 Attn: R. O'Dwyer

Musselman, Owen, & King Operating C 158 947 323 712 Main Street, Suite 2150 Houston, Texas 77002 Attn: Henry G. Musselman

Marathon Oil Company C 158 947 327 125 West Missouri Street Midland, Texas 79702 Attn: Wayne Ransbottom

Devon Energy Corporation C 158 947 324 1500 Mid-American Tower 20 North Broadway Oklahoma City, Oklahoma 73102 Attn: Bob Shelton

Nearburg Producing Company C 158 947 326 401 E. Illinois, Suite 300 3300 Norm 'A' Midland, Texas 79701 Budg 2, Durtz IZC Attn: Bob Shelton M. Suite IX. 79705

Kerr-McGee Corporation C 158 947 320 P.O. Box 25861 Oklahoma City, Oklahoma 73125 Attn: John O'Brien OFFSET / FIELD OPERATORS Page -4-

Citation Oil & Gas Corporation C 158 947 321 8223 Willow Place South, Suite 250 Houston, Texas 77070 Attn: Bob Whitworth

Oryx Energy Company C 158 947 317 P.O. Box 2880 Dallas, Texas 75221 Attn: Alan Beers

Southwest Royalties, Inc C 158 947 318 P.O. Box 11390 Midland, Texas 79702 Attn: Philip Schlichting

Chevron U.S.A. Inc. C 158 947 315 P.O. Box 1150 Midland, Texas 79702 Attn: Mickey Cohlmia

Yates Petroleum Corporation C 158 947 325 105 South Fourth Street Artesia, New Mexico 88210 Attn: Robert Bullock

Anadarko Petroleum Corporation C 158 947 328 400 W. Illinois Midland, Texas 79701 Attn: Curt Ary

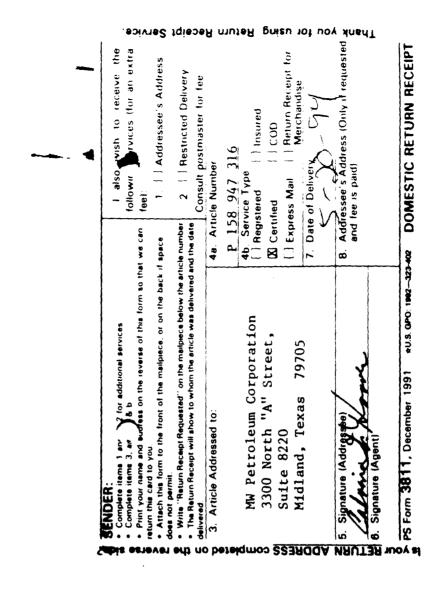
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Kerr-McGee Corporation P.O. Box 25861 Oklahoma City, Oklahoma 73125 ATTN: John O'Brien	I also wish to receive following services (for an fee): 1. Addressee's Address
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APPLICATION FOR CONTRACTION OF A POOL AND EXPANSION OF A POOL, EDDY COUNTY, NEW MEXICO.

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MAY 17 1994 No.

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Applicant Santa Fe Energy Operating Partners, L.P. hereby applies to the Division for an order contracting the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool, and extending the boundaries of the Indian Basin-Upper Pennsylvanian Associated Pool, and in support thereof states:

Applicant owns leasehold working interests in the above-1. described pools.

The Indian Basin-Upper Pennsylvanian Gas Pool ("the Gas 2. Pool") includes, among other acreage, the following land:

Township 22 South. Range 24 East. N.M.P.M.

§ 4: All § 5: All § 6: All § 7: All § 8: All

Township 22 South, Range 23 East, N.M.P.M.

§ 1: All

Wells were previously completed in the Gas Pool in said 3. \$§ 1, 4, 5, 6, 7, and 8 as gas wells. Said wells are now depleted and have been abandoned.

In July 1993, the Indian Basin-Upper Pennsylvanian 4. Associated Pool ("the Associated Pool") was created for production of hydrocarbons from the Cisco/Canyon formation. The interval produced from the Associated Pool is the same dolomite section, but structurally lower, as that produced in the Gas Pool, and is the "oil leg" of the Cisco/Canyon interval.

5. Applicant has completed wells in the S½ of Section 5 and the S½ of Section 8 as oil wells in the Cisco/Canyon formation. Additional wells are planned.

6. As a result, future production from the Cisco/Canyon formation from the above-described acreage will be from the interval produced in the Associated Pool.

7. Therefore, Applicant requests that the Gas Pool be contracted to delete §§ 4-8 of Township 22 South, Range 24 East, and Section 1 of Township 22 South, Range 23 East, and that the Associated Pool be expanded to include said acreage.

8. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Applicant requests that, after hearing, the above relief be granted.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

By:

James Bruce Post Office Box 2068 Santa Fe, New Mexico 87504-2068 (505) 982-4554

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

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APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR AN UNORTHODOX WELL LOCATION AND A H MAY 1 7 199 . NON-STANDARD SPACING AND PRORATION UNIT, EDDY COUNTY, NEW MEXICO. COL COM

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 Et 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 Et of said Section 7.

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

The proposed well is within the boundaries of the 3. 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 Ei 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.

DE-16-1884 .1:23

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

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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 /7, 1994.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Cames Bruce Post Office Box 2068 Santa Fe, New Mexico 87504-2068 (505) 982-4554

Attorneys for Applicant

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.

OIL CONSERVATION DIVISION

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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 Wig 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 Wig of said Section 7.

2. Applicant proposes to drill its Old Ranch Canyon 7 Fed. No. 2 Well at an unorthodox location 1600 feet from the North line and 1650 feet from the West 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 Lots 1-4 and the $E_{\rm W}^{\rm H_{\rm I}}$ (W¹₂ equivalent) of Section 7 to the well, and form a 297.68 acre nonstandard 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 non-standard.

5. 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 /7, 1994.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

James Bruca

James Bruce Post Office Box 2068 Santa Fe, New Mexico 87504-2068 (505) 982-4554

Attorneys for Applicant

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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.

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 S¹/₂ of Section 4, 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 S_{1}^{i} of said Section 4.

2. Applicant proposes to drill its Jones Canyon 4 Fed. No. 1 Well at an unorthodox location 660 feet from the South line and 1950 feet from the West 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 Sk of Section 4 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.

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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 4, 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

Jánes Bruce Post Office Box 2068 Santa Fe, New Mexico 87504-2068 (505) 982-4554

Attorneys for Applicant

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APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR AN UNORTHODOX WELL LOCATION AND A NON-STANDARD SPACING AND PRORATION NO. ______ UNIT, EDDY COUNTY, NEW MEXICO.

APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby makes application for an unorthodox well location and a non-standard spacing and provation unit in the $N_{\rm X}^4$ of Section 5, 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 N_{T}^{1} of said Section 5.

2. Applicant proposes to drill its Nagooltes Peak 5 Fed. No. 2 Well at an unorthodox location 1562 feet from the North line and 1202 feet from the West 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 Lots 1-4 and the $S_3^2N_3^2$ (N_3^2 equivalent) of Section 5 to the well, and form a 372.88 acre nonstandard spacing and proration unit, as permitted by Rule 3 of Order No. R-2440.

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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 5, 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 non-standard.

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 /7, 1994.

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Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

James Bruce Post Office Box 2068 Santa Fe, New Mexico 87504-2068 (505) 982-4554

Attorneys for Applicant