

LAW OFFICES OF
KEMP, SMITH, DUNCAN & HAMMOND
A PROFESSIONAL CORPORATION
400 WEST ILLINOIS, SUITE 1270
MIDLAND, TEXAS 79701-4310

J. RANDY TURNER

(915) 687-0011

April 30, 1990

Mr. William J. LeMay, Director
Oil Conservation Division
New Mexico Department of
Energy, Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

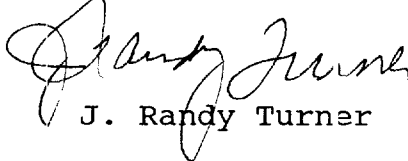
Re: In the Matter of the Application of Santa Fe Energy Operating
Partners, L.P. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Santa Fe Energy Operating
Partners, L.P. in the above-referenced case. This case has been
placed on the docket for the Examiner hearings scheduled on May 16,
1990.

Very truly yours,

KEMP, SMITH, DUNCAN & HAMMOND

By 
J. Randy Turner

JRT:ps

Enclosure

VIA FEDERAL EXPRESS



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

May 3, 1990

Case No. 9939

Kemp, Smith, Duncan & Hammond
400 West Illinois
Suite 1270
Midland, TX 79701-4310

Attention: J. Randy Turner

RE: Division Case No. 9939. Application of Santa Fe Energy Operating Partners, L.P., for compulsory pooling, non-standard gas proration unit and an unorthodox gas well location, Section 12, Township 22 South, Range 25 East, NMPM, Eddy County, New Mexico.

Dear Mr. Turner:

It appears that the written application for the subject matter dated April 30, 1990 differs from your verbal request of April 24, 1990.

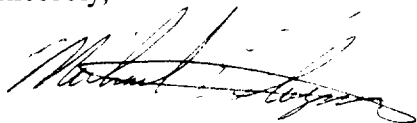
- 1) Section 12 is irregular and the S/2 equivalent consists of Lots 4, 5, 6 and 7 and the SE/4 comprising 332.74 acres, thereby making this a non-standard spacing unit;
- 2) the verbal request did not mention anything about the unorthodox location (1980' FSL - 660' FWL) of the well to be drilled in the proposed unit, it was therefore assumed the well would be standard; also,
- 3) the Morrow formation was the only zone of interest mentioned in your verbal request.

In as much as the advertisement for this case set for the hearing on May 16, 1990 is inadequate to cover this application, readvertisement and a continuance to the Examiner Hearing scheduled for May 30, 1990 is necessary.

Kemp, Smith, Duncan and Hammond
May 3, 1990
Page 2

Should you have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Carlsbad
Case File No. 9939

Hondo Oil & Gas Company

Box 2208

Roswell, New Mexico 88202

(505) 625-8700

May 10, 1990



COPY

Santa Fe Energy Operating Partners, L.P.
500 W. Illinois
Suite 500
Midland, Texas 79701

Attention: Mr. Vernon D. Dyer

RE: Proposed Morrow Test
W/2 Section 12, T-22-S, R-25-E
Hackberry Hills Unit - AR-35592
Eddy County, New Mexico
Your: Pussyfoot Prospect
OD-NM-617,279

Case No. 9939

Gentlemen:

Reference is made to your letter dated May 8, 1990, proposing the drilling of a 11,200 foot Morrow test at a location in the NW/4SW/4 of Section 12, T-22-S, R-25-E, with a proration unit consisting of the W/2 of Section 12.

As you know, Hondo has a 2.051288% working interest in the Hackberry Hills Unit covering the S/2 of Section 1, and N/2 of Section 12, T-22-S, R-25-E. The Unit Operating Agreement contains a Preferential Right to Purchase Provision and also a Maintenance of Ownership Provision. This unit produces from the Canyon sand.

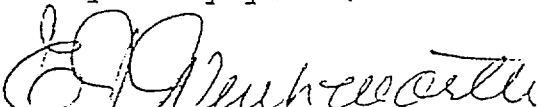
Hondo is agreeable to participating in your proposed Morrow test on the basis that you are communitizing only the Morrow formation. Our working interest should be 1.025644%.

Please keep us advised as to the status of the Preferential Right and Maintenance of Unit Ownership elections if any party to the Hackberry Hills Unit elects to farmout or sell in lieu of participating.

Our agreement to participate in your proposed Morrow test is subject to approval of title to the proposed proration unit and execution of a mutually acceptable Operating Agreement.

If you have any questions in this regard, please advise.

Very truly yours,


E.J. Wentworth
Division Land Manager

cc: Chevron USA Inc.
bcc: David Harle

Memo

by Randy Turner
4/24/90 915 687-2930

From

FLORENE DAVIDSON
OC Staff Specialist

!X!CAN

u

20.5

To
May 16, 1990
Energy
Santa Fe Operating
Partners, L.P.
Compulsory Pooling

5/2 12-225-25E

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Oil Conservation Division Santa Fe, New Mexico 87504-2088
827-5802

New Mexico.

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18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

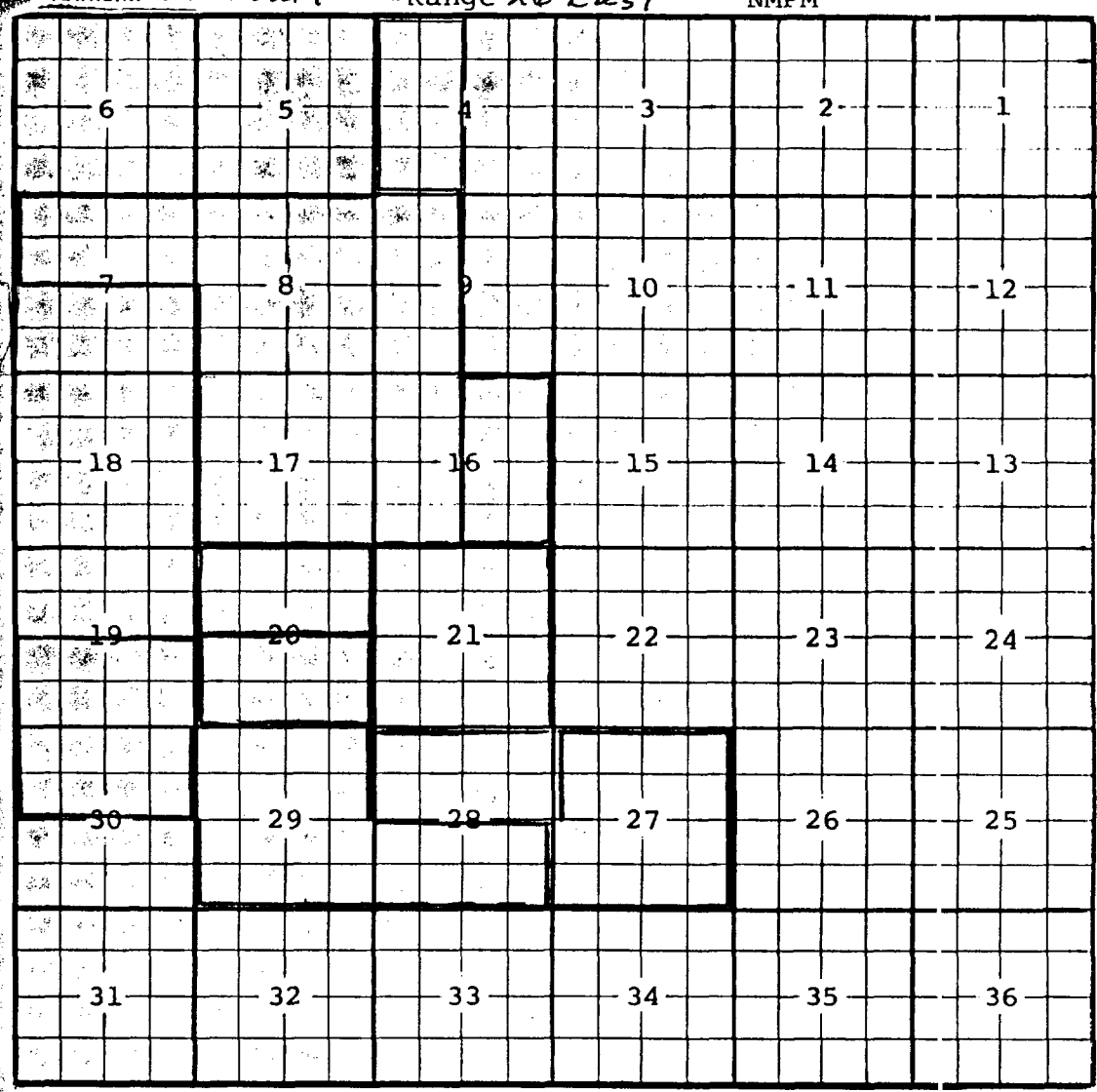
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⑥ 43.31		⑦ 43.11	

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SECTION 12 TOWNSHIP 22 South RANGE 25 East

County Eddy Pool Happy Valley-Morrow Gas

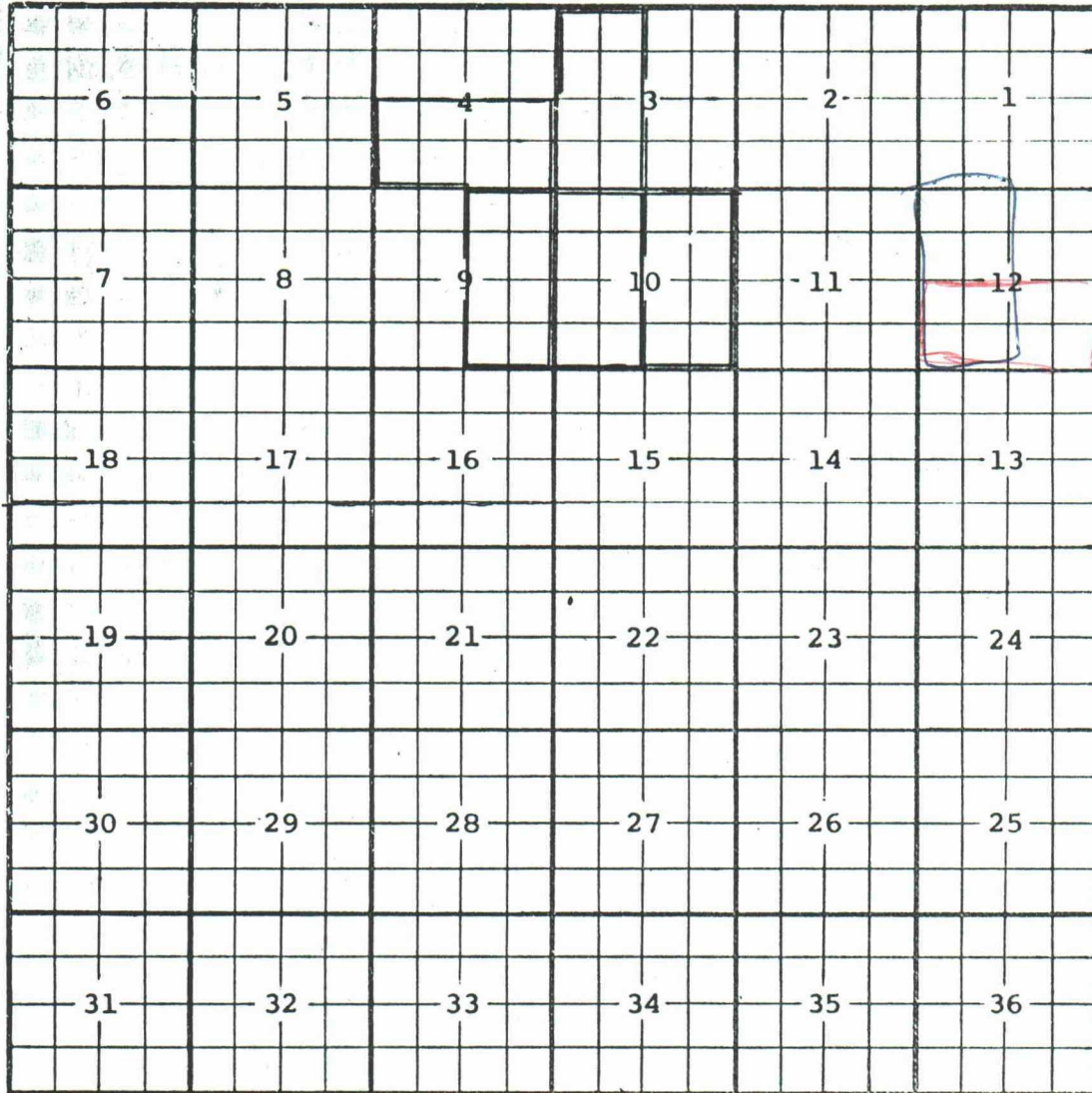
TOWNSHIP 22 South Range 26 East NMPM



Description: $\frac{w}{2}$ Sec 4 (R-5609, 1-1-78)
Ext: $\frac{N}{2}$ Sec 7, All Sec 8, $\frac{W}{2}$ Sec 9, $\frac{W}{2}$ Sec 16, and All Sec 17 (R-6623, 4-7-81)
Ext: $\frac{N}{2}$ Sec 20, $\frac{E}{2}$ Sec 16 (R-6724, 7-16-81) Ext: $\frac{S}{2}$ Sec 20
(R-6923, 3-9-82) Ext: $\frac{S}{2}$ Sec. 19, $\frac{N}{2}$ Sec. 30 (R-7668, 9-21-84)
Ext: $\frac{S}{2}$ Sec. 28, All Sec. 29 (R-8229, 5-19-86) Ext: All Sec. 27 (R-8391, 1-22-87)
Ext: $\frac{N}{2}$ Sec 28 (R-8827, 12-22-88) Ext: All Sec 21 (R-9096, 1-1-90)

COUNTY *Eddy*POOL *Revelation - Morrow Gas*TOWNSHIP *22 South*RANGE *25 East*

NMFM



Description: $\frac{E}{2}$ Sec 9 (R-5361, 7-1-77) Ext: $\frac{S}{2}$ Sec 4 (R-5456, 7-1-77)

Ext: $\frac{W}{2}$ Sec 10 (R-5729, 6-1-78) Ext: $\frac{E}{2}$ Sec 10 (R-5781, 9-1-78)

Ext: $\frac{W}{2}$ Sec 3 (R-5876, 12-1-78)

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MEMBER TEXAS
AND NEW MEXICO BARS

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EASYLINK: 62937293
TELEX: 5106016999 KEMP UG

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(505) 247-2315 FAX: (505) 843-6099

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300 PASEO DE PERALTA, SUITE 200
P. O. BOX 8690, 87504-8690
(505) 982-1913 FAX: (505) 986-7563

BROWNSVILLE, TEXAS 77821-4066
3505 BOCA CHICA BOULEVARD, SUITE 450
(512) 544-5772 FAX: (512) 544-4557

May 17, 1990

RECEIVED

MAY 18 1990

Mr. William J. LeMay, Director
Oil Conservation Division
New Mexico Department of
Energy, Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

OIL CONSERVATION DIVISION

Re: In the Matter of the Application of Santa Fe Energy Operating
Partners, L.P. for Compulsory Pooling and for Non-Standard
Spacing or Proration Unit, Eddy County, New Mexico

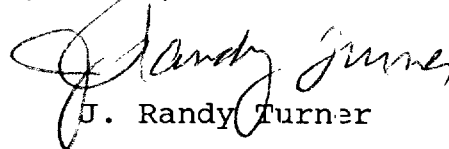
Dear Mr. LeMay:

Enclosed is the Application of Santa Fe Energy Operating
Partners, L.P. in the above-referenced case. This case has been
placed on the docket for the Examiner hearings scheduled on May 30,
1990.

Very truly yours,

KEMP, SMITH, DUNCAN & HAMMOND

By


J. Randy Turner

JRT:ps

Enclosure

VIA FEDERAL EXPRESS

OIL CONSERVATION DIVISION

Santa Fe, New Mexico

TELECOPIER TRANSMITTAL SHEET

TO: Mickey Cochran (Chevron)

FROM: Michael E. Slegers

DATE: May 20, 1990

NUMBER OF SHEETS (INCLUDING TRANSMITTAL SHEET): 5

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL
(505) 827-5806.

MESSAGE

Case No. 0039

Application of Santa Fe Energy Operating
Partners, L.P.

Set for May 31st 1990

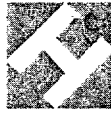
FAX NUMBER: (505) 827-5741

Hondo Oil & Gas Company

Box 2208

Roswell, New Mexico 88202

(505) 625-8700



MAY 23 AM 8 40

May 21, 1990

Case No 9939

Mr. J. Randy Turner
Kemp, Smith, Duncan & Hammond
400 West Illinois, Suite 1400
P.O. Box 2796
Midland, Texas 79702-2796

RE: Case No. 9939
Application for Compulsory Pooling
and Non-Standard Spacing Unit
Santa Fe Energy Operating Partners, L.P.
Eddy County, New Mexico
AR-35592

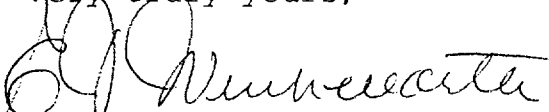
Dear Mr. Turner:

Reference is made to your letter dated May 17, 1990, furnishing Hondo Oil & Gas Company a copy of the Application filed by Santa Fe Energy Operating Partners, L.P. for force pooling all rights in the Morrow formation under the W/2 Section 12, T-22-S, R-25-E, N.M.P.M., Eddy County, New Mexico.

Attached find a copy of our letter dated May 10, 1990 to Santa Fe Energy Operating Partners, L.P. indicating our agreement to participate in the proposed 11,200 foot Morrow test.

We respectfully request that you delete Hondo Oil & Gas Company from your force pooling application in view of our voluntary agreement to join in this proposal.

Very truly yours,



E.J. Wentworth
Division Land Manager

cc: Oil Conservation Division ✓

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

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

June 5, 1990

RECEIVED

JUN 6 1990

OIL CONSERVATION DIVISION

Mr. Michael E. Stogner
Hearing Examiner
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

DELIVERED BY
FAX (827-5741)

Re: MOTION TO DISMISS
NMOCD Case 9939
Application of Santa Fe Energy Operating
Partners, L.P. for Compulsory Pooling
and Non-Standard Proration Unit,
Eddy County, New Mexico

Dear Mr. Stogner:

On behalf of Chevron USA, Inc., we hereby move that the Division dismiss the referenced application of Santa Fe Energy Operating Partners, L.P. and in support thereof state:

(1) On May 17, 1990, Santa Fe Energy Operating Partners, L.P. forwarded to the New Mexico Oil Conservation Division its application for compulsory pooling of the W/2 of Section 12, T22S, R25E, NMPM, Eddy County, New Mexico.

(2) This application has been docketed on the June 13, 1990 Examiner's docket as Case 9939.

(3) On May 14, 1990, only three days before Santa Fe Energy Operating Partners L.P. filed its compulsory pooling application, Chevron USA, Inc. received from Santa Fe Energy Operating Partners, L.P. its initial proposal for the drilling of the subject well.

(4) Prior to May 14, 1990, Chevron USA, Inc. had not been contacted by Santa Fe Energy Operating Partners L.P. concerning the formation by voluntary agreement of the spacing unit for this well.

(5) Chevron USA, Inc. has yet to receive from either Santa Fe Energy Operating Partners, L.P. or its attorneys a copy of the compulsory pooling filed in this matter or notice of hearing as required by Division Rule 1207.

Mr. Michael E. Stogner
Page 2
June 5, 1990

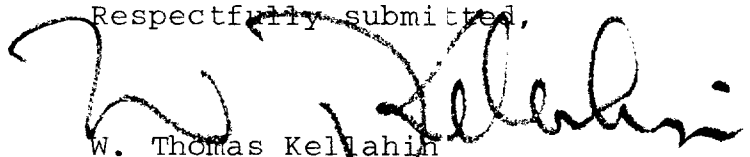
(6) Contrary to the custom and practice of the Division and in violation of Section 70-2-17(c) NMSA (1978), Santa Fe Energy Operating Partners, L.P. prematurely instituted compulsory pooling action against Chevron USA, Inc. without first undertaking a good faith and reasonable effort to form a spacing unit on a voluntary basis with the working interest owners.

(7) Santa Fe Energy Operating Partners L.P. seeks to use the compulsory pooling statute as a strategy against Chevron USA, Inc. rather than as a remedy of last resort when all efforts for obtaining a voluntary agreement have failed.

(8) The Santa Fe Energy Operating Partners L.P. application for compulsory pooling is premature and must be dismissed.

WHEREFORE, Chevron USA, Inc. moves the Division Hearing Examiner to grant this Motion to Dismiss.

Respectfully submitted,



W. Thomas Kellahin
Kellahin Kellahin & Aubrey
Attorneys for Chevron USA, Inc.

WTK/dm

cc: By FAX to: J. Randy Turner, Esq
Kemp, Smith Duncan & Hammond]
Midland, Texas 79702
FAX (915) 687-1735
Attorneys for applicant

cc: By FAX to: Mickey Cohlmi
Chevron USA Inc
Midland, Texas
FAX (915) 687-7666

LAW OFFICES OF
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A PROFESSIONAL CORPORATION

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3505 BOCA CHICA BOULEVARD, SUITE 450

(512) 544-5772 FAX: (512) 544-4557

J. RANDY TURNER
MEMBER TEXAS
AND NEW MEXICO BARS

June 8, 1990

Mr. Michael E. Stogner
Hearing Examiner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Via Fax (505) 827-5741 and Regular Mail

Re: NMOCD Case No. 9939 - Voluntary Dismissal of the Application
of Santa Fe Energy Operating Partners, L.P. for Compulsory
Pooling and Non-Standard Proration Unit, Eddy County, New
Mexico

Dear Mr. Stogner:

On behalf of Santa Fe Energy Operating Partners, L.P., we
hereby dismiss the referenced case, without prejudice.

Respectfully submitted,

KEMP, SMITH, DUNCAN & HAMMOND

By

J. Randy Turner

J. Randy Turner
Attorneys for Santa Fe Energy
Operating Partners, L.P.

JRT:ps

cc: Mr. Paul J. Woodul
P. O. Box 3481
Tulsa, Oklahoma 74101

cc: Mr. Ronny G. Altman
Fourth National Bank Bldg.
Tulsa, Oklahoma 74119

317.JRT(del)

Mr. Michael E. Stogner
June 8, 1990
Page 2

cc: Texaco Inc.
Attention: Land Department
P. O. Box 3109
Midland, Texas 79702

cc: Mr. Ernest A. Hanson
P. O. Box 1515
Roswell, New Mexico 88201

cc: Marathon Oil Company
Attention: Land Department
P. O. Box 3128
Houston, Texas 77253

cc: Chevron USA Inc.
Attention: Land Department
P. O. Box 1635
Houston, Texas 77251

cc: Hanson-McBride Petroleum
Attention: Land Department
P. O. Box 1515
Roswell, New Mexico 88202

cc: Marathon Oil Company
Attention: Mr. Curtis Smith
125 W. Missouri
Midland, Texas 79701

cc: Chevron USA Inc.
Attention: Mr. Mickey Cohlma
15 Smith Road
Midland, Texas 79705

cc: Hondo Oil & Gas Company
Attention: Mr. E. J. Wentworth
P. O. Box 2208
Roswell, New Mexico 88201

cc: Ms. Nanette Crawford
Texaco Inc.
P. O. Box 2100
Denver, Colorado 80122

Mr. Michael E. Stogner
June 8, 1990
Page 3

cc: Mr. Vernon Dyer
Santa Fe Energy Operating Partners, L.P.
500 W. Illinois, Suite 500
Midland, Texas 79701

KEMP, SMITH, DUNCAN & HAMMOND

Attorneys at Law

400 West Illinois, Suite 1400
Midland, Texas 79701-4310
(915) 687-0011
FAX (915) 687-1735

FAX COVER SHEET

OTHER OFFICES:

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2000 MBank Plaza
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Albuquerque, New Mexico 79701-4310
500 Marquette, N.W., Suite 1200
(505) 247-2315 - FAX (505) 843-6099

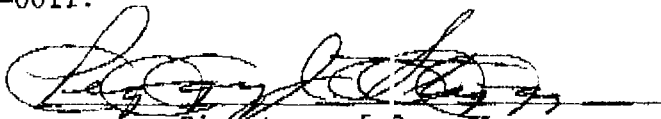
Santa Fe, New Mexico 87501-1861
300 Paseo de Peralta, Suite 200
(505) 982-1913 - FAX (505) 988-7563

PLEASE DELIVER THE FOLLOWING PAGES IMMEDIATELY

TO: Name: MICHAEL E. STOGNER Date: 6/8/90
Firm: N.M. OIL CONSERVATION DIVISION Time: 1:55 P.M.
City: SANTA FE State: N.M.
FAX Telephone Number: 505/827-5741

FROM: Name: J. Randy TURNER File No. 5A6725

THERE ARE 3 PAGES INCLUDING THIS COVER SHEET. IF YOU HAVE ANY PROBLEMS REGARDING TRANSMISSION OR IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL AT (915) 687-0011.


Signature of Operator

COMMENTS:

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS ATTORNEY PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE TO DELIVER IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE AND RETURN THE ORIGINAL MESSAGE TO US AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE. THANK YOU.

3087F

Case 9939 (Dismissed)

05/30/90

LAW OFFICES OF
KEMP, SMITH, DUNCAN & HAMMOND

A PROFESSIONAL CORPORATION

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MIDLAND, TEXAS 79702-2796

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J. RANDY TURNER
MEMBER TEXAS
AND NEW MEXICO BARSEL PASO, TEXAS 79901-1441
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P.O. DRAWER 2600, 79900-2600
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C/STYLINK: 83037893
TELEX: 5109010000 KEMP COALBUQUERQUE, NEW MEXICO 87102-8121
510 MARQUETTE N.W. SUITE 1800
P.O. BOX 478, 87103-478
(505) 847-2315 FAX: (505) 848-9099SANTA FE, NEW MEXICO 87501-1801
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3804 BOCA CHICA BOULEVARD, SUITE 450
(409) 844-8772 FAX: (409) 844-4587

June 8, 1990

Mr. Michael E. Stogner
Hearing Examiner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Via Fax (505) 827-5741 and Regular Mail

Re: NMOCD Case No. 9939 - Voluntary Dismissal of the Application
of Santa Fe Energy Operating Partners, L.P. for Compulsory
Pooling and Non-Standard Proration Unit, Eddy County, New
Mexico

Dear Mr. Stogner:

On behalf of Santa Fe Energy Operating Partners, L.P., we
hereby dismiss the referenced case, without prejudice.

Respectfully submitted,

KEMP, SMITH, DUNCAN & HAMMOND

BY

J. Randy Turner
Attorneys for Santa Fe Energy
Operating Partners, L.P.

JRT:ps

cc: Mr. Paul J. Woodul
P. O. Box 3481
Tulsa, Oklahoma 74101cc: Mr. Ronny G. Altman
Fourth National Bank Bldg.
Tulsa, Oklahoma 74119

317.JRT(del)

Mr. Michael E. Stogner
June 8, 1990
Page 2

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

cc: Mr. Ernest A. Hanson
P. O. Box 1515
Roswell, New Mexico 88201

cc: Marathon Oil Company
Attention: Land Department
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Houston, Texas 77253

cc: Chevron USA Inc.
P. O. Box 1635
Houston, Texas 77251

cc: Hanson-McBride Petroleum
P. O. Box 1515
Roswell, New Mexico 88202

cc: Marathon Oil Company
Attention: Mr. Curtis Smith
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Midland, Texas 79701

cc: Chevron USA Inc.
Attention: Mr. Mickey Cohlma
15 Smith Road
Midland, Texas 79705

cc: Hondo Oil & Gas Company
Attention: Mr. E. J. Wentworth
P. O. Box 2208
Roswell, New Mexico 88201

cc: Ms. Nanette Crawford
Texaco Inc.
P. O. Box 2100
Denver, Colorado 80122

317.JRT(del)

Mr. Michael E. Stogner
June 8, 1990
Page 3

cc: Mr. Vernon Dyer
Santa Fe Energy Operating Partners, L.P.
500 W. Illinois, Suite 500
Midland, Texas 79701

317.JRT(del)



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

GARREY CARRUTHERS
GOVERNOR

June 29, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. J. Randy Turner
Kemp, Smith, Duncan & Hammond
Attorneys at Law
Post Office Box 2796
Midland, Texas 79702-2796

Re: CASE NO. 9939
ORDER NO. R-9204

Applicant:
Santa Fe Energy Operating
Partners, L.P.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD	<u> </u>	x
Artesia OCD	<u> </u>	x
Aztec OCD	<u> </u>	

Other _____