

KELLAHIN, KELLAHIN AND AUBREY

REGISTRATION DIVISION
TELEPHONE (505) 988-4283
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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

April 8, 1991

M.S.

RECEIVED

APR 8 1991

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Application of Santa Fe Energy Operating
Partners, L.P. for Compulsory Pooling,
Lea County, New Mexico
NMOCD Case No. 10211
Order No. R-9135 *R-9480*

Application of Hanley Petroleum Inc.
for Compulsory Pooling, Lea County,
New Mexico
NMOCD Case No. 10219
Order No. R-9135 *R-9480*

Dear Mr. LeMay:

On behalf of Hanley Petroleum Inc., please find enclosed our Application for DeNovo Hearing of the referenced cases and order.

Hanley requests that the hearing be held at the next available Commission Hearing Docket now scheduled for May 9, 1990.

Very truly yours,

[Handwritten Signature]
W. Thomas Kellahin

WTK/tic

cc: James Rogers
William F. Carr, Esq.
James G. Bruce, Esq.

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NOS. 10211 AND 10219
ORDER NO. R-9480

RECEIVED
APR 1991
OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO. CASE NO. 10211

APPLICATION OF HANLEY PETROLEUM INC. FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO. CASE 10219

APPLICATION BY HANLEY PETROLEUM INC. FOR
DE NOVO HEARING

COMES NOW HANLEY PETROLEUM INC. and in accordance with New Mexico Oil Conservation Division Rule 1220 applies to the Division for a DeNovo hearing of the referenced cases which resulted in the issuance of Division Order R-9480 and request that the hearing be held at the next available Commission Hearing Docket now scheduled for May 9, 1990.

Respectfully submitted:

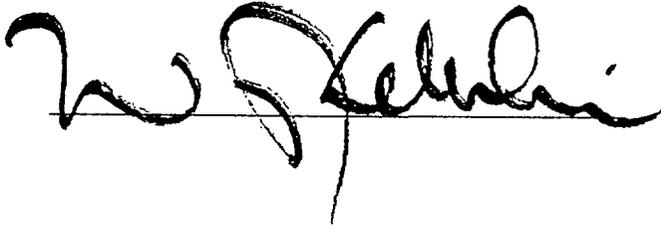
KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

CERTIFICATE OF SERVICE

I hereby certify that on 8 day of April, 1991, I mailed by first class mail, postage prepaid, a true copy of the foregoing Application of Hanley Petroleum Inc. for DeNovo Hearing to William F. Carr, Esq. Campbell & Black, P.A., Post Office Box 2208, Santa Fe, New Mexico 87504-2208 and James G. Bruce, Esq., Hinkle, Cox, Eaton, Coffield & Hensley, 500 Marquette, N.W., Suite 740, Albuquerque, New Mexico 87102-2121.

A handwritten signature in black ink, appearing to read "W. F. Carr", is written over a horizontal line. The signature is cursive and somewhat stylized.

KELLAHIN, KELLAHIN AND AUBREY

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W. THOMAS KELLAHIN
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JASON KELLAHIN
OF COUNSEL

SANTA FE, NEW MEXICO 87504-2265

April 11, 1991

RECEIVED

Mr. William J. LeMay
Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

OIL CONSERVATION DIVISION

HAND DELIVERED

Re: Supplemental Application
Hanley Petroleum Inc.
NMOCD Case No. 10219 (DeNovo)

Dear Mr. LeMay:

The referenced case is originally filed as a compulsory pooling case and is now set for a DeNovo hearing before the New Mexico Oil Conservation Commission on the docket for May 9, 1991.

Hanley Petroleum Inc. and Santa Fe Energy Operating Partners, L.P. are in a dispute concerning competing pooling applications for an 80-acre Wolfcamp spacing unit. One of the major issues is whether the well should be located in the north 40-acres or the south 40-acres of the proposed 80-acre spacing unit.

However, Rule 2 of the South Corbin Wolfcamp Pool Rules provides for the drilling of a well in each of the quarter-quarter sections (40 acres) in a spacing unit and Rule 3 further provides for 40-acre non-standard spacing units.

Accordingly, in order to provide the Commission the opportunity to allow each applicant to drill a Wolfcamp well where it wants it located, Hanley Petroleum Inc. now supplements its case to provide an alternative remedy of a 40-acre non-standard spacing and proration unit.

We request that this remedy be docketed as a separate case and included on the Commission docket for hearing on May 9, 1991.

Mr. William J. LeMay
April 11, 1991
Page 2

By copy of this letter, we are providing notification to all potential parties, including the offset operators, in accordance with the Division notice procedures.

Very truly yours,



W. Thomas Kellahin

WTK/tic
Enclosure

cc: Robert G. Stovall, Esq.
James G. Bruce, Esq.
William F. Carr, Esq.
James Rogers

Certified mail return receipt
Mailing list set forth in
application

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

RECEIVED

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

OIL CONSERVATION DIVISION

CASE NO. 10219 (DeNovo)
ORDER R-9480

SUPPLEMENTAL APPLICATION
OF
HANLEY PETROLEUM INC.

COMES NOW HANLEY PETROLEUM INC., by and through its attorneys, Kellahin, Kellahin & Aubrey, and hereby supplements an application for a compulsory pooling order to allege and request the alternative remedy of approval of the NW/4NW/4 of Section 8, T18S, R33E, N.M.P.M., Lea County, New Mexico, as a 40-acre oil non-standard spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within the vertical extent of the subject well which presently includes but is not necessarily limited to the Undesignated South Corbin-Wolfcamp Pool, and in support states:

1. Hanley Petroleum Inc. owns 100% of the working interest at all depths for the NW/4NW/4 of Section 8, T18S, R33E, N.M.P.M., Lea County, New Mexico.

2. The subject 40-acre tract is being drained and depleted by the Santa Fe Energy Operating Partners, L.P. Kachina "8" Well No. 1, which has been producing at top allowable of 445 barrels of oil per day since its potential test on January 13, 1991 and is located 510 feet from Hanley's east lease line in the adjacent 40-acres immediately to the east of the subject tract.

3. Santa Fe Energy Operating Partners, L.P. has filed Division Case No. 10211 in an effort to pool the Hanley tract for a well to be located in the SW/4NW/4 of said Section 8 further from Hanley's lease line than Santa Fe's Kachina "8" Well No. 1.

4. The Hanley Petroleum Inc. 40-acre tract cannot be protected from drainage by the Kachina "8" Well No. 1 if the Oil Conservation Commission approves the Santa Fe Energy application.

5. The Special Rules and Regulations adopted by the Division for the South Corbin-Wolfcamp Pool (Order R-8181-B) specifically provide for the drilling of pool wells on each of the quarter-quarter sections in a spacing unit and further provides for the approval of 40-acre non-standard proration and spacing units for the pool.

6. The Hanley Petroleum Inc. tract has sufficient potential to economically support the drilling of the well at a standard location in this proposed non-standard unit and Hanley Petroleum Inc. will drill the well if approved.

7. Approval of the Hanley Petroleum Inc. application will afford to Hanley and its royalty owners the opportunity to timely recover its share of the pool hydrocarbons underlying its tract without having its interest diluted with the inclusion of Santa Fe Energy Inc.'s south 40-acre tract which is down structure, potentially wet and non-productive and will not contribute reserves to the Hanley well.

8. Hanley Petroleum Inc. requests that this remedy be set on the New Mexico Oil Conservation Commission docket now scheduled for May 9, 1991 and be consolidated for hearing purposes with Division Case No. 10211 (DeNovo) and Case No. 10219 (DeNovo).

9. Copies of this application have been sent to parties of interest as set forth on Exhibit "A" attached hereto including the offset operators as required by Division notice rules.

WHEREFORE, after notice and hearing, Hanley requests the Commission grant this relief in the event it decides

not to grant Hanley's compulsory pooling application in
Case No. 10211.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By:


W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

EXHIBIT "A"

Santa Fe Energy Operating Partners, L.P.
550 West Texas, Suite 1330
Midland, TX 79701
Attn: Larry Murphy

Harvey E. Yates Company
P.O. Box 1933
Roswell, NM 88202
Attn: Shari Darr

Southland Royalty Company
21 Desta Drive
Midland, TX 79701

OXY USA, Inc.
P.O. Box 1919
Midland, TX 79702

Delta Drilling Company
(No address)

Meridian Oil Inc.
21 Desta Drive
Midland, TX 79705

Amoco Production Company
P.O. Box 3092
Houston, TX 77253