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*NOT LICENSED IN NEW MEXICO

February 23, 1993

Florene Davidson
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Dear Florene:

Enclosed are an original and two copies of an Application filed on behalf of Santa Fe Energy Operating Partners, L.P., together with a proposed advertisement. Please set this matter for the March 18, 1993 hearing.

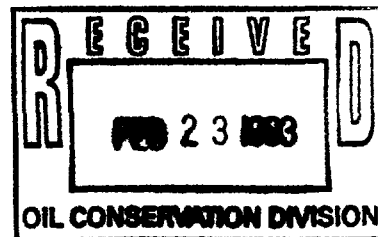
Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce
James Bruce

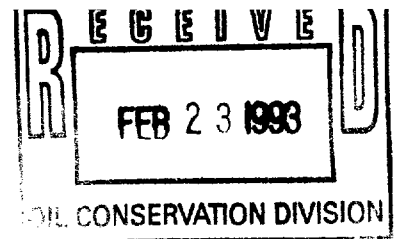
JB:frs
Enclosures

Via Hand Delivery



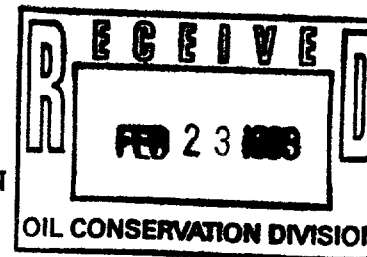
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10691

PROPOSED ADVERTISEMENT

Application of Santa Fe Energy Operating Partners, L.P. for the Vertical Contraction and Redesignation of an Existing Delaware Oil Pool, and for New Pool Creation, Eddy County, New Mexico. Applicant requests that the vertical limits of the Los Medanos-Delaware Pool be contracted to exclude all depths below 7,888 feet as found in the Santa Fe Energy Operating Partners, L.P. Pure Gold "C-17" Federal Well No. 4, located in Unit H of Section 17, Township 23 South, Range 31 East, N.M.P.M., and that said pool be redesignated as the Los Medanos-Upper Delaware Pool. Applicant further requests the creation of a new pool for lower Delaware production for all depths below 7,888 feet as found in the Pure Gold "C-17" Federal Well No. 4, designated as the Los Medanos-Basal Delaware Pool, with its horizontal limits comprising the SW $\frac{1}{4}$ of Section 9, the W $\frac{1}{2}$ of Section 16, and the NE $\frac{1}{4}$ of Section 17, Township 23 South, Range 32 East, N.M.P.M.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION



APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. FOR
THE VERTICAL CONTRACTION AND
REDESIGNATION OF AN EXISTING
DELAWARE OIL POOL, AND FOR NEW
POOL CREATION, EDDY COUNTY,
NEW MEXICO.

No. 10691

APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby applies for an order vertically contracting and redesignating an existing Delaware oil pool, and for new pool creation, and in support thereof states:

1. Applicant is the operator of the following wells:

(a) The Pure Gold "C-17" Federal Well No. 4, located in Unit H of Section 17, Township 23 South, Range 31 East, NMPM, which is perforated at 7,888-7,950 feet subsurface.

(b) The North Pure Gold "9" Federal Well No. 1, located in Unit N of Section 9, Township 23 South, Range 31 East, NMPM which is perforated at 7954-8020 feet subsurface.

Both wells were recently completed in the Brushy Canyon formation of the Delaware Mountain Group, and have been designated by the Division as being within the Los Medanos-Delaware Pool.

2. The Los Medanos-Delaware Pool currently encompasses the W½ of Section 16, Township 23 South, Range 31 East, NMPM. The Los Medanos-Delaware Pool was created by Division Order No. R-9473, and the discovery well for said pool was the Yates Petroleum Corporation Medano VA State Well No. 1, located in Unit K of said Section 16, which was perforated in the Delaware at intervals of 4218-4237 feet and 7825-7856 feet subsurface.

3. In addition, Yates Petroleum Corporation has completed its Medano VA State Well No. 3, located in Unit F of Section 16, with perforation at 4196-4206 feet, 4210-4213 feet, 7791-7826 feet, and 7924-7979 feet subsurface.

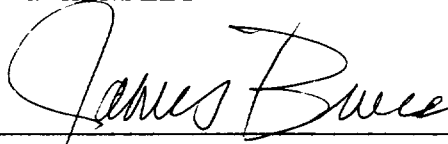
4. The upper perforations in the Yates wells are producing from the Bell Canyon formation, which is a separate and distinct reservoir from the producing intervals in the Santa Fe wells and the lower producing intervals in the Yates wells, which produce from the Brushy Canyon formation.

5. Applicant requests that the vertical limits of the Los Medanos-Delaware Pool be contracted to exclude all depths below 7,888 feet as found in the Santa Fe Pure Gold "C-17" Federal Well No. 4, and that said pool be redesignated as the Los Medanos-Upper Delaware Pool. Applicant further requests the creation of a new pool for lower Delaware production for all depths below 7,888 feet as found in the Santa Fe Pure Gold "C-17" Federal Well No. 4, designated as the Los Medanos-Basal Delaware Pool, with its horizontal limits comprising the SW $\frac{1}{4}$ of Section 9, the W $\frac{1}{2}$ of Section 16, and the NE $\frac{1}{4}$ of Section 17, Township 23 South, Range 31 East, NMPM.

6. The granting of this Application is in the interests of conservation and the prevention of waste.

WHEREFORE, Applicant request that after due notice and hearing, the Division grant the relief requested above.

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script, reading "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

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

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

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*NOT LICENSED IN NEW MEXICO

Florene Davidson
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Dear Florene:

Enclosed is an Amended Application filed by Santa Fe Energy Operating Partners, L.P. regarding the Los Medanos-Delaware Pool. This matter had originally been scheduled for the March 18 hearing. Also enclosed is a proposed advertisement.

Very truly yours,

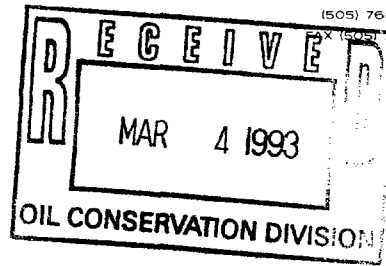
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James Bruce
James Bruce

JB:frs
Enclosures

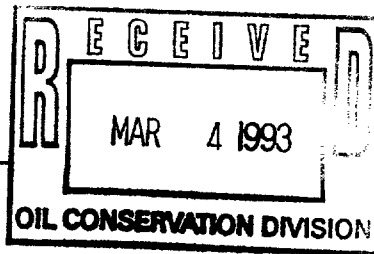
VIA HAND DELIVERY

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR THE VERTICAL CONTRACTION AND REDESIGNATION OF AN EXISTING DELAWARE OIL POOL, AND FOR NEW POOL CREATION, OR IN THE ALTERNATIVE FOR A SPECIAL POOL-WIDE DEPTH BRACKET OIL ALLOWABLE, EDDY COUNTY, NEW MEXICO.



No. 10691

AMENDED APPLICATION

Santa Fe Energy Operating Partners, L.P. hereby applies for an order vertically contracting and redesignating an existing Delaware oil pool, and for new pool creation, or in the alternative for a special pool-wide depth bracket allowable, and in support thereof states:

1. Applicant is the operator of the following wells:

(a) The Pure Gold "C-17" Federal Well No. 4, located in Unit H of Section 17, Township 23 South, Range 31 East, NMPM, which is perforated at 7,888-7,950 feet subsurface; and

(b) The North Pure Gold "9" Federal Well No. 1, located in Unit N of Section 9, Township 23 South, Range 31 East, NMPM, which is perforated at 7954-8020 feet subsurface.

Both wells were recently completed in the Brushy Canyon formation of the Delaware Mountain Group, and have been designated by the Division as being within the Los Medanos-Delaware Pool.

2. The Los Medanos-Delaware Pool currently encompasses the W $\frac{1}{2}$ of Section 16, Township 23 South, Range 31 East, NMPM. The Los Medanos-Delaware Pool was created by Division Order No. R-9473, and the discovery well for said pool was the Yates Petroleum Corpora-
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3. In addition, Yates Petroleum Corporation has completed its Medano VA State Well No. 3, located in Unit F of Section 16, with perforation at 4196-4206 feet, 4210-4213 feet, 7791-7826 feet, and 7924-7979 feet subsurface.

4. The upper perforations in the Yates wells are producing from the Bell Canyon formation, which is a separate and distinct reservoir from the producing intervals in the Santa Fe wells and the lower producing intervals in the Yates wells, which produce from the Brushy Canyon formation.

5. Applicant requests that the vertical limits of the Los Medanos-Delaware Pool be contracted to exclude all depths below 7,680 feet as found in the Santa Fe Pure Gold "C-17" Federal Well No. 4, and that said pool be redesignated as the Los Medanos-Upper Delaware Pool. Applicant further requests the creation of a new pool for lower Delaware production for all depths below 7,680 feet as found in the Santa Fe Pure Gold "C-17" Federal Well No. 4, designated as the Los Medanos-Lower Delaware Pool, with its horizontal limits comprising the SW $\frac{1}{4}$ of Section 9, the W $\frac{1}{2}$ of Section 16, and the NE $\frac{1}{4}$ of Section 17, Township 23 South, Range 31 East, N.M.P.M.

6. Alternatively, pursuant to Division Rule 505(D), Applicant requests a special pool-wide depth bracket allowable for the Los Medanos-Delaware Pool of 187 barrels of oil per day, based

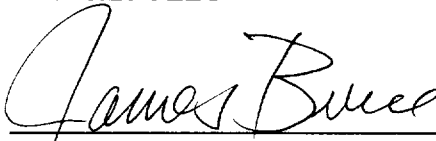
upon the deepest perforations in the Santa Fe Pure Gold "C-17" Federal Well No. 4, rather than the shallowest perforations in the discovery well as prescribed in Division Rule 505(A).

7. The nearest Delaware pool in Township 23 South, Range 31 East, the West Sand Dunes-Delaware Pool (which encompasses the SE $\frac{1}{4}$ of Section 29 and the NE $\frac{1}{4}$ of Section 32), has a depth bracket allowable of 187 barrels of oil per day. Thus, a special pool-wide depth bracket allowable is necessary to protect correlative rights of interest owners in the Los Medanos-Delaware Pool.

8. The granting of this Application is in the interests of conservation and the prevention of waste.

WHEREFORE, Applicant requests that after due notice and hearing, the Division grant the relief requested above.

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script, reading "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
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Attorneys for Santa Fe Energy
Operating Partners, L.P.

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PROPOSED ADVERTISEMENT

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