

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

October 4, 1994

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

RE: Case No. 11076
Order No. R-10212

Mr. James Bruce
Hinkle, Cox, Eaton,
Coffield & Hensley
Attorneys at Law
Post Office Box 2068
Santa Fe, New Mexico 87504-2068

Dear Mr. Bruce:

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

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

BLM - Carlsbad



DC

11076

State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

(505) 827-5760
FAX (505) 827-5766

September 1, 1994

SANTA FE, NEW MEXICO 87504-1148

Santa Fe Energy Operating Partners, L. P.
550 W. Texas, Suite 1330
Midland, Texas 79701

Attn: Mr. Curtis D. Smith

Re: Preliminary Approval
Proposed Quail Ridge Unit
Lea County, New Mexico

Dear Mr. Smith:

This office has reviewed the unexecuted copy of unit agreement which you have submitted for the proposed Quail Ridge Unit Area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and a result has this date granted you preliminary approval as to form and content.

Our preliminary approval is given subject to the condition that if State Trust Lands are not included within a participating area by January 1, 1996, Santa Fe Energy Operating Partners, L. P. will voluntarily contract all state lands from the unit agreement.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a Notary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

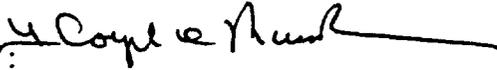
Santa Fe Energy Operating Partners, L.P.
Quail Ridge Unit
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4. Designation from the Bureau of Land Management. Our approval will be subject to like approval by the Bureau of Land Management.
5. The filing fee for a Unit Agreement is thirty (\$30.00) Dollars for every section or partial section thereof. Please submit a filing fee in the amount of \$240.00 Dollars.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744

RP/FOP/pm

cc: Reader File
OCD-Santa Fe, NM Attn: Mr. Roy Johnson
BLM-Roswell, NM Attn: Ms. Alexis Swoboda