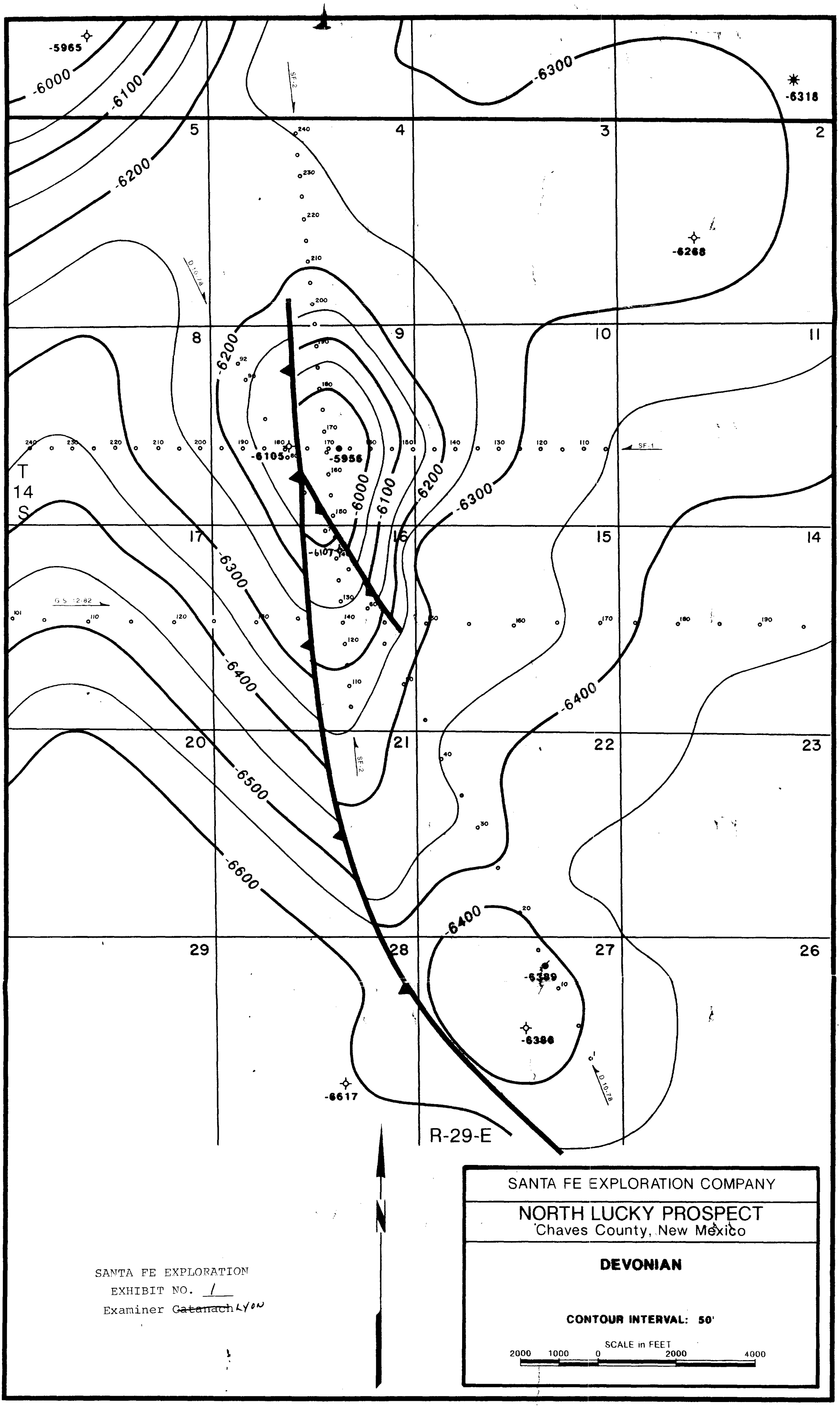
Santa Fe Exploration
Exhibits 1 through 3
Complete Set



SANTA FE EXPLORATION
EXHIBIT NO. 1
Examiner ~~Catanach~~ LYON

SANTA FE EXPLORATION COMPANY

NORTH LUCKY PROSPECT
Chaves County, New Mexico

DEVONIAN

CONTOUR INTERVAL: 50'

SCALE in FEET
2000 1000 0 2000 4000

HOLMSTROM FEDERAL #1
Sec. 9, T-14-S, R-29-E
1980' FSL & 1980' FEL
Chaves County, New Mexico
Proposed TD 10,000'
Wildcat Devonian

SANTA FE EXPLORATION
EXHIBIT NO. 2
Examiner ~~Catanach~~ LYON

DAILY DRILLING REPORT

1-21-89 TP 285#, 10/64" ck, made 259 BO & 6 MCF in 23½ hrs.

1-22-89 TP 285#, 10/64" ck, made 257 BO & 6 MCF in 23 hrs.

1-23-89 TP 285#, 10/64" ck, made 269 BO & 6 MCF in 24 hrs.

1-24-89 TP 282#, 10/64" ck, made 251 BO & 6 MCF in 24 hrs.

1-25-89 TP 300#, 10/64" ck, made 259 BO & 6 MCF in 24½ hrs.

1-26-89 TP 290#, 10/64" ck, made 269 BO & 6 MCF in 24 hrs.

1-27-89 TP 290#, 10/64" ck, made 269 BO & 6 MCF in 24 hrs.

1-28-89 TP 285#, 10/64" ck, made 297 BO & 6 MCF in 27 hrs.

1-29-89 TP 285#, 10/64" ck, made 198 BO & 6 MCF in 23 hrs.

1-30-89 TP 285#, 10/64" ck, made 269 BO & 6 MCF in 25 hrs.

1-31-89 TP 285#, 10/64" ck, made 264 BO & 6 MCF in 23½ hrs.

2-01-89 TP 285#, 10/64" ck, made 241 BO, 6 MCF & 8 BW in 23 hrs.

2-02-89 TP 285#, 10/64" ck, made 270 BO, 6 MCF & 10 BW in 24½ hrs.

2-03-89 TP 264#, 10/64" ck, made 256 BO, 6 MCF & 10 BW in 23½ hrs.

2-04-89 TP 290#, 10/64" ck, made 264 BO, 6 MCF & 10 BW in 25 hrs.

2-05-89 TP 285#, 10/64" ck, made 231 BO, 6 MCF & 5 BW in 26-3/4 hrs.

2-06-89 TP 285#, 10/64" ck, made 259 BO, 6 MCF & 0 BW in 21½ hrs.

2-07-89 TP 285#, 10/64" ck, made 262 BO, 6 MCF & 10 BW in 23 hrs.

2-08-89 TP 285#, 10/64" ck, made 237 BO, 6 MCF & 20 BW in 23-3/4 hrs.

2-09-89 TP 285#, 10/64" ck, made 261 BO, 6 MCF & 8 BW in 24½ hrs.

2-10-89 TP 285#, 10/64" ck, made 264 BO, 6 MCF & 10 BW in 23½ hrs.

2-11-89 TP 285#, 10/64" ck, made 291 BO, 6 MCF & 8 BW in 28 hrs.

2-12-89 TP 285#, 10/64" ck, made 214 BO, 6 MCF & 10 BW in 20½ hrs.

2-13-89 TP 285#, 10/64" ck, made 259 BO, 6 MCF & 12 BW in 23-3/4 hrs.

2-14-89 TP 285#, 10/64" ck, made 225 BO, 6 MCF & 8 BW in 24 hrs.

2-15-89 TP 280#, 10/64" ck, made 253 BO, 6 MCF & 12 BW in 23½ hrs.

2-16-89 TP 280#, 10/64" ck, made 235 BO, 6 MCF & 8 BW in 25 hrs.

2-17-89 TP 280#, 10/64" ck, made 248 BO, 6 MCF & 10 BW in 23-3/4 hrs.

2-18-89 TP 280#, 10/64" ck, made 286 BO, 6 MCF & 10 BW in 27 hrs.

2-19-89 TP 280#, 10/64" ck, made 205 BO, 6 MCF & 11 BW in 20-3/4 hrs.

2-20-89 TP 280#, 10/64" ck, made 269 BO, 6 MCF & 8 BW in 24-3/4 hrs.

2-21-89 TP 280#, 10/64" ck, made 269 BO, 6 MCF & 12 BW in 24 hrs.

2-22-89 TP 280#, 10/64" ck, made 264 BO, 6 MCF & 10 BW in 24½ hrs.

HOLMSTROM FEDERAL #1
Sec. 9, T-14-S, R-29-E
1980' FSL & 1980' FEL
Chaves County, New Mexico
Proposed TD 10,000'
Wildcat Devonian

DAILY DRILLING REPORT

12-20-88 TP 320#, 10/64" ck, made 291 BO & 6 MCF in 24 hrs.

12-21-88 TP 320#, 10/64" ck, made 280 BO & 6 MCF in 24 hrs.

12-22-88 TP 320#, 10/64" ck, made 283 BO & 6 MCF in 24 hrs.

12-23-88 TP 315#, 10/64" ck, made 264 BO & 6 MCF in 24 hrs.

12-24-88 TP 310#, 10/64" ck, made 286 BO & 6 MCF in 24½ hrs.

12-25-88 TP 310#, 10/64" ck, made 204 BO & 6 MCF in 23½ hrs.

12-26-88 TP 310#, 10/64" ck, made 264 BO & 6 MCF in 23 hrs.

12-27-88 TP 305#, 10/64" ck, made 281 BO & 6 MCF in 24 hrs.

12-28-88 TP 305#, 10/64" ck, made 264 BO & 6 MCF in 23½ hrs.

12-29-88 TP 300#, 10/64" ck, made 300 BO & 6 MCF in 24½ hrs.

12-30-88 TP 300#, 10/64" ck, made 297 BO & 6 MCF in 26¼ hrs.

12-31-88 TP 300#, 10/64" ck, made 198 BO & 6 MCF in 21 hrs.

1-01-89 TP 300#, 10/64" ck, made 308 BO & 6 MCF in 26½ hrs.

1-02-89 TP 300#, 10/64" ck, made 275 BO & 6 MCF in 25 hrs.

1-03-89 TP 300#, 10/64" ck, made 275 BO & 6 MCF in 24-3/4 hrs.

1-04-89 TP 300#, 10/64" ck, made 264 BO & 6 MCF in 23 hrs.

1-05-89 TP 300#, 10/64" ck, made 264 BO & 6 MCF in 24½ hrs.

1-06-89 TP 300#, 10/64" ck, made 267 BO & 6 MCF in 24 hrs.

1-07-89 TP 290#, 10/64" ck, made 285 BO & 6 MCF in 26 hrs.

1-08-88 TP 290#, 10/64" ck, made 227 BO & 6 MCF in 21 hrs.

1-09-88 TP 290#, 10/64" ck, made 264 BO & 6 MCF in 25 hrs. (SI 1 hr to chg over to heater treater. Did a 1 hr pressure build-up test).

1-10-89 TP 287#, 10/64" ck, made 248 BO & 6 MCF in 24¼ hrs. Balanced out heater treater.

1-11-89 TP 290#, 10/64" ck, made 259 BO & 6 MCF in 23½ hrs.

1-12-89 TP 285#, 10/64" ck, made 285 BO & 6 MCF in 24½ hrs.

1-13-89 TP 285#, 10/64" ck, made 241 BO & 6 MCF in 23½ hrs.

1-14-89 TP 285#, 10/64" ck, made 286 BO & 6 MCF in 26 hrs.

1-15-89 TP 285#, 10/64" ck, made 219 BO & 6 MCF in 20¼ hrs.

1-16-89 TP 285#, 10/64" ck, made 301 BO & 6 MCF in 26 hrs.

1-17-89 TP 282#, 10/64" ck, made 275 BO & 6 MCF in 24 hrs.

1-18-89 TP 280#, 10/64" ck, made 249 BO & 6 MCF in 24 hrs.

1-19-89 TP 280#, 10/64" ck, made 283 BO & 6 MCF in 25 hrs.

1-20-89 TP 285#, 10/64" ck, made 285 BO & 6 MCF in 24 hrs.

HOLMSTROM FEDERAL #1
Sec. 9, T-14-S, R-29-E
1980' FSL & 1980' FEL
Chaves County, New Mexico
Proposed TD 10,000'
Wildcat Devonian

DAILY DRILLING REPORT

11-17-88 TP 325#, 10/64" ck, made 330 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-18-88 TP 320#, 10/64" ck, made 276 BO & 6 MCF in 22½ hrs. Sm amt of emulsion.

11-19-88 TP 320#, 10/64" ck, made 309 BO & 6 MCF in 25½ hrs. Sm amt of emulsion.

11-20-88 TP 315#, 10/64" ck, made 253 BO & 6 MCF in 21 hrs. Sm amt of emulsion.

11-21-88 TP 315#, 10/64" ck, made 330 BO & 6 MCF in 28 hrs. Sm amt of emulsion.

11-22-88 TP 310#, 10/64" ck, made 275 BO & 6 MCF in 21½ hrs. Sm amt of emulsion.

11-23-88 TP 310#, 10/64" ck, made 275 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-24-88 TP 310#, 10/64" ck, made 281 BO & 6 MCF in 23½ hrs. Sm amt of emulsion.

11-25-88 TP 310#, 10/64" ck, made 243 BO & 6 MCF in 26½ hrs. "

11-26-88 TP 310#, 10/64" ck, made 226 BO & 6 MCF in 21 hrs.

11-27-88 TP 310#, 10/64" ck, made 292 BO & 6 MCF in 27 hrs.

11-28-88 TP 310#, 10/64" ck, made 299 BO & 6 MCF in 23 hrs.

11-29-88 TP 310#, 10/64" ck, made 275 BO & 6 MCF in 24 hrs.

11-30-88 TP 310#, 10/64" ck, made 265 BO & 6 MCF in 23½ hrs.

12-01-88 TP 310#, 10/64" ck, made 264 BO & 6 MCF in 24 hrs.

12-02-88 TP 310#, 10/64" ck, made 259 BO & 6 MCF in 23½ hrs.

12-03-88 TP 310#, 10/64" ck, made 314 BO & 6 MCF in 24½ hrs.

12-04-88 TP 310#, 10/64" ck, made 270 BO & 6 MCF in 23½ hrs.

12-05-88 TP 310#, 10/64" ck, made 264 BO & 6 MCF in 21-3/4 hrs.

12-06-88 TP 310#, 10/64" ck, made 252 BO & 6 MCF in 21¼ hrs.

12-07-88 TP 310#, 10/64" ck, made 283 BO & 6 MCF in 26 hrs.

12-08-88 TP 310#, 10/64" ck, made 312 BO & 6 MCF in 26 hrs.

12-09-88 TP 310#, 10/64" ck, made 231 BO & 6 MCF in 22½ hrs.

12-10-88 SI due to weather (trucks unable to get to location - oil tanks full).

12-11-88 SI due to weather. When opened well TP 340#.

12-12-88 TP 315#, 10/64" ck, made 231 BO & 6 MCF in 21 hrs.

12-13-88 TP 330#, 10/64" ck, made 252 BO & 6 MCF in 21½ hrs.

12-14-88 TP 330#, 10/64" ck, made 252 BO & 6 MCF in 21½ hrs.

12-15-88 TP 330#, 10/64" ck, made 318 BO & 6 MCF in 26 hrs.

12-16-88 TP 320#, 10/64" ck, made 308 BO & 6 MCF in 25½ hrs.

12-17-88 TP 320#, 10/64" ck, made 241 BO & 6 MCF in 20½ hrs.

12-18-88 TP 320#, 10/64" ck, made 253 BO & 6 MCF in 22 hrs.

12-19-88 TP 320#, 10/64" ck, made 323 BO & 6 MCF in 27 hrs.

HOLMSTROM FEDERAL #1
Sec. 9, T-14-S, R-29-E
1980' FSL & 1980' FEL
Chaves County, New Mexico
Proposed TD 10,000'
Wildcat Devonian

DAILY DRILLING REPORT

10-19-88 TP 340#, 10/64" ck, made 286 BO & 6 MCF in 24¼ hrs. Sm amt of emulsion.

10-20-88 TP 335#, 10/64" ck, made 286 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

10-21-88 TP 335#, 10/64" ck, made 275 BO & 6 MCF in 23¼ hrs. Sm amt of emulsion.

10-22-88 TP 335#, 10/64" ck, made 369 BO & 6 MCF in 28 hrs. Sm amt of emulsion.

10-23-88 TP 335#, 10/64" ck, made 220 BO & 6 MCF in 21 hrs. Sm amt of emulsion.

10-24-88 TP 335#, 10/64" ck, made 314 BO & 6 MCF in 26 hrs. Sm amt of emulsion.

10-25-88 TP 330#, 10/64" ck, made 290 BO & 6 MCF in 22¼ hrs. Sm amt of emulsion.

10-26-88 TP 330#, 10/64" ck, made 275 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

10-27-88 TP 330#, 10/64" ck, made 299 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

10-28-88 TP 330#, 10/64" ck, made 299 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

10-29-88 TP 330#, 10/64" ck, made 308 BO & 6 MCF in 25 hrs. Sm amt of emulsion.

10-30-88 TP 330#, 10/64" ck, made 286 BO & 6 MCF in 26 hrs. Sm amt of emulsion.

10-31-88 TP 330#, 10/64" ck, made 286 BO & 6 MCF in 23 hrs. Sm amt of emulsion.

11-01-88 TP 330#, 10/64" ck, made 275 BO & 6 MCF in 22½ hrs. Sm amt of emulsion.

11-02-88 TP 330#, 10/64" ck, made 286 BO & 6 MCF in 25½ hrs. Sm amt of emulsion.

11-03-88 TP 330#, 10/64" ck, made 269 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-04-88 TP 330#, 10/64" ck, made 292 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-05-88 TP 330#, 10/64" ck, made 275 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-06-88 TP 330#, 10/64" ck, made 309 BO & 6 MCF in 24-3/4 hrs. Sm amt of emulsion.

11-07-88 TP 330#, 10/64" ck, made 325 BO & 6 MCF in 26¼ hrs. Sm amt of emulsion.

11-08-88 TP 330#, 10/64" ck, made 303 BO & 6 MCF in 24¼ hrs. Sm amt of emulsion

11-09-88 TP 325#, 10/64" ck, made 254 BO & 6 MCF in 20½ hrs. Sm amt of emulsion.

11-10-88 TP 325#, 10/64" ck, made 275 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-11-88 TP 325#, 10/64" ck, made 293 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-12-88 TP 325#, 10/64" ck, made 299 BO & 6 MCF in 26½ hrs. Sm amt of emulsion.

11-13-88 TP 325#, 10/64" ck, made 292 BO & 6 MCF in 24 hrs. Sm amt of emulsion.

11-14-88 TP 325#, 10/64" ck, made 264 BO & 6 MCF in 22 hrs. Sm amt of emulsion.

11-15-88 TP 325#, 10/64" ck, made 309 BO & 6 MCF in 24¼ hrs. Sm amt of emulsion.

11-16-88 TP 325#, 10/64" ck, made 267 BO & 6 MCF in 25 hrs. Sm amt of emulsion.

(FINAL DAILY REPORT - WELL TRANSFERRED TO PRODUCTION DEPT.
TO THE MONTHLY C-115 REPORT)

HOLMSTROM FEDERAL #1
Sec. 9, T-14-S, R-29-E
1980' FSL & 1980' FEL
Chaves County, New Mexico
Proposed TD 10,000'
Wildcat Devonian

DAILY DRILLING REPORT

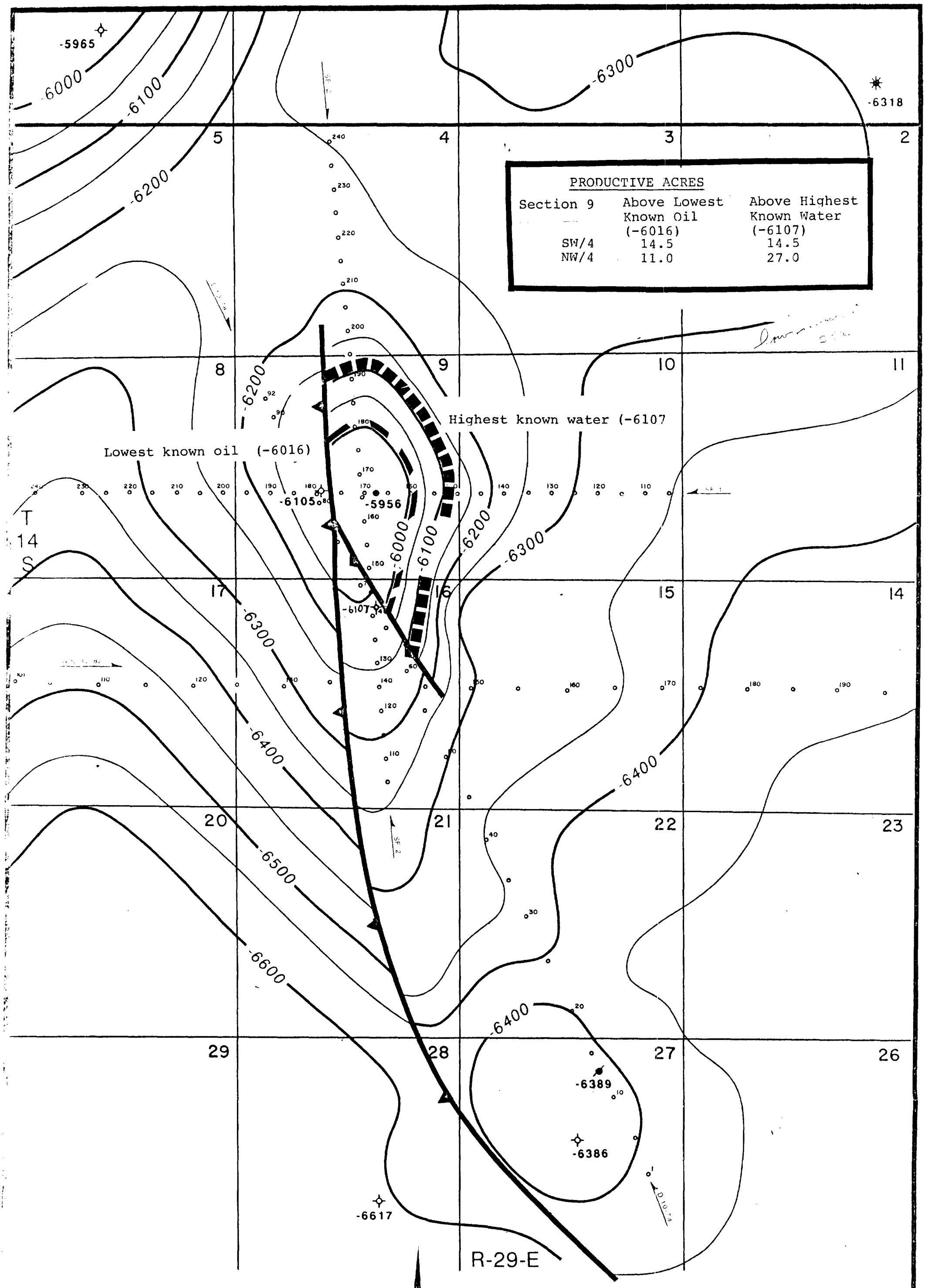
9-24-88	TP 500#, 8/64" ck, made 242 BO, 4.5 MCF & no wtr in 22¼ hrs.
9-25-88	TP 500#, 8/64" ck, made 266 BO, 4 MCF & no wtr in 24½ hrs.
9-26-88	TP 500#, 8/64" ck, made 253 BO, 4 MCF & no wtr in 24 hrs.
9-27-88	TP 500#, 8/64" ck, made 254 BO, 4 MCF & no wtr in 23½ hrs.
9-28-88	TP 500#, 8/64" ck, made 253 BO, 4 MCF & no wtr in 22 hrs (8AM on 9-27-88). Tefteller, Inc. collected fl samples for resevoir fluid analysis. Ran BHP. Flowed well 2 hrs on 10/64" ck, FTP 400 psi, made 27.3 BO, no wtr in 2 hrs. Flowing well 4 hrs on 12/64" ck, FTP 290 psi, 67.1 BO, no wtr in 4 hrs. Calculated 24 hrs: 403 BOPD, 13.8 MCFPD, GOR 34-1. Return to 10/64" ck @ 5:45 PM for extended flow test.
9-29-88	TP 400#, 10/64" ck, made 320 BO, 5.8 MCF & no wtr in 23½ hrs.
9-30-88	TP 375-380#, 10/64" ck, made 322 BO, 5 MCF & no wtr in 24 hrs.
10-01-88	TP 360-380#, 10/64" ck, made 313 BO, 5 MCF & no wtr in 24 hrs.
10-02-88	TP 360#, 10/64" ck, made 323 BO, 4.6 MCF & no wtr in 24½ hrs.
10-03-88	TP 360#, 10/64" ck, made 53 BO in tanks (unknown amount in pit because of malfunction in valve on seperator), 4 MCF & no wtr in 24 hrs.
10-04-88	TP 360#, 10/64" ck, made 248 BO, 4 MCF & no wtr in 23 hrs.
10-05-88	TP 360-375#, 10/64" ck, made 300 BO, 4.5 MCF & no wtr in 23 hrs.
10-06-88	TP 360#, 10/64" ck, made 280 BO, 4.5 MCF & no wtr in 22 hrs.
10-07-88	TP 350-360#, 10/64" ck, made 260 BO, 6 MCF & no wtr in 20½ hrs.
10-08-88	TP 355#, 10/64" ck, made 294 BO, 6 MCF & no wtr in 22-3/4 hrs.
10-09-88	TP 345#, 10/64" ck, made 294 BO, 6 MCF & no wtr in 24½ hrs.
10-10-88	TP 345#, 10/64" ck, made 308 BO, 6 MCF & no wtr in 24½ hrs.
10-11-88	TP 345#, 10/64" ck, made 350 BO, 6 MCF & no wtr in 25½ hrs.
10-12-88	Emulsion contained approximately 2% wtr. SI @ 11 AM on 10-10-88 for chemical & water analysis.
10-13-88	SI
10-14-88	TP 370#, 10/64" ck, made 279 BO & 6 MCF in 21 hrs. Well is still producing an emulsion (since Sunday, Oct 9th) that contains 2-5% water.
10-15-18	TP 360#, 10/64" ck, made 275 BO & 6 MCF in 24 hrs. Small amount of emulsion continues with approximately 1½% water.
10-16-88	TP 345#, 10/64" ck, made 302 BO & 6 MCF in 23 hrs. Sm amt of emulsion.
10-17-88	TP 340#, 10/64" ck, made 346 BO & 6 MCF in 27 hrs. Sm amt of emulsion.
10-18-88	TP 340#, 10/64" ck, made 297 BO & 6 MCF in 23½ hrs. Sm amt of emulsion.

HOLMSTROM FEDERAL #1
Sec. 9, T-14-S, R-29-E
1980' FSL & 1980' FEL
Chaves County, New Mexico
Proposed TD 10,000'
Wildcat Devonian

"CONFIDENTIAL"

DAILY DRILLING REPORT

9-12-88	SITP 700 psi. Open to tks @ 9 AM on 6/64" positive ck. At 11 AM flowing 6 BOPH w/no wtr. TP 610 psi. Testing to tks.
9-13-88	9:30 AM (9-12-88) ck 6/64", TP 610 psi, made 154.6 BO in 24½ hrs, no wtr, 5 MCFPD. SI & change bonnett on tree & open on 8/64" ck @ 10:15 AM (9-12-88). Making 11 BOPH, TP 500#.
9-14-88	TP 500#, 8/64" ck, made 259 BO & 4 MCF in 24 hrs (from 10:15 AM on 9-12-88 to 10:15 AM on 9-13-88)
9-15-88	TP 500#, 8/64" ck, made 257 BO, 4 MCF & no wtr in 24 hrs. (9/13-9/14 @ 10:15 AM).
9-16-88	TP 500#, 8/64" ck, made 257 BO, 4 MCF & no wtr in 24 hrs. (9/14-9/15 @ 10:15 AM).
9-17-88	TP 500#, 8/64" ck, made 260 BO, 4 MCF & no wtr in 24 hrs.
9-18-88	TP 500#, 8/64" ck, made 261 BO, 4 MCF & no wtr in 24 hrs.
9-19-88	TP 500#, 8/64" ck, made 258 BO, 4 MCF & no wtr in 24 hrs.
9-20-88	TP 500#, 8/64" ck, made 259 BO, 4 MCF & no wtr in 24 hrs.
9-21-88	TP 500#, 8/64" ck, made 251 BO, 4 MCF & no wtr in 23¼ hrs.
9-22-88	TP 500#, 8/64" ck, made 265 BO, 4 MCF & no wtr in 24½ hrs.
9-23-88	TP 500#, 8/64" ck, made 271 BO, 4 MCF & no wtr in 25 hrs.



PRODUCTIVE ACRES		
Section 9	Above Lowest Known Oil (-6016)	Above Highest Known Water (-6107)
SW/4	14.5	14.5
NW/4	11.0	27.0

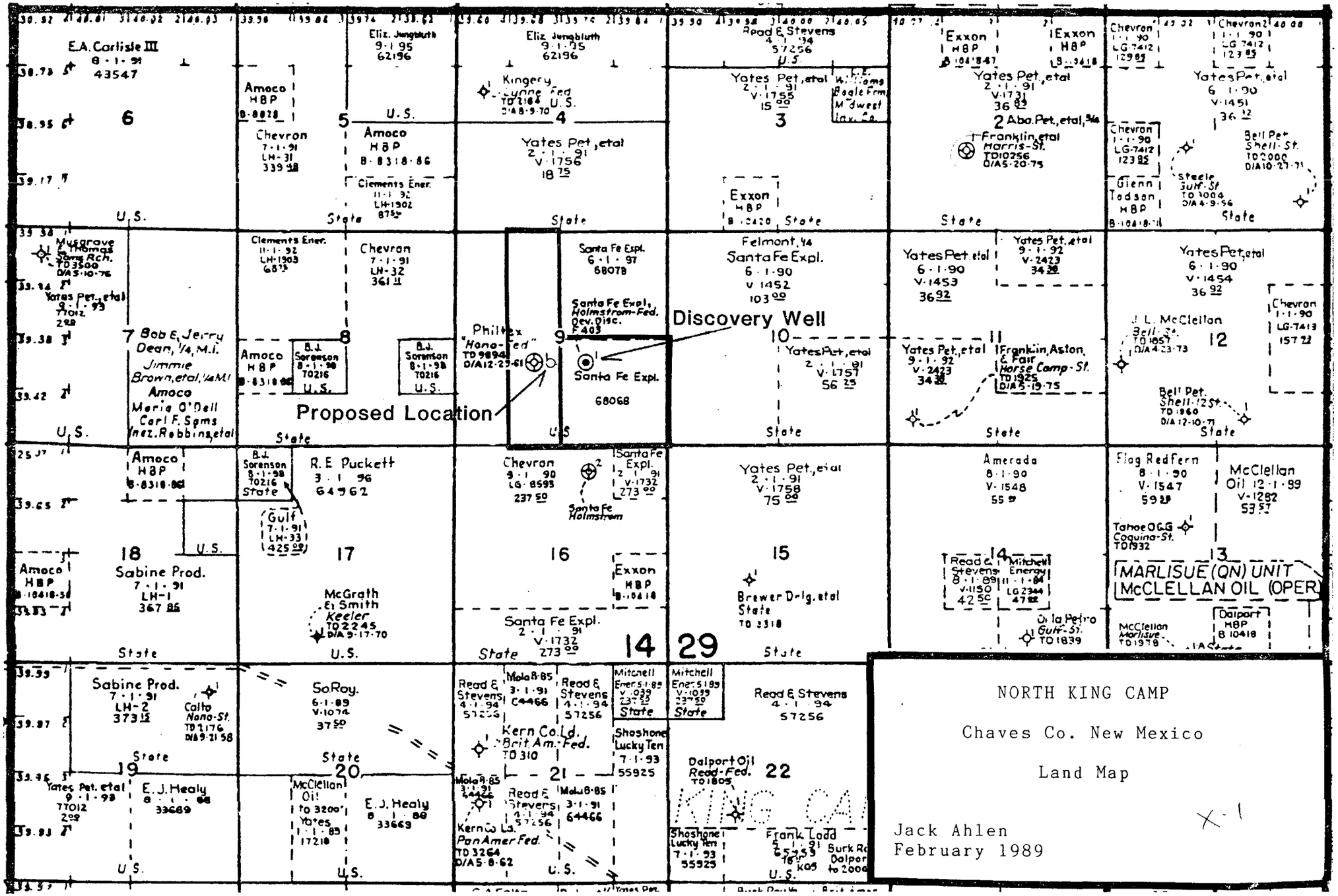
SANTA FE EXPLORATION
EXHIBIT NO. 3
Examiner ~~Catanach~~ LYON

SANTA FE EXPLORATION COMPANY

NORTH LUCKY PROSPECT
Chaves County, New Mexico

DEVONIAN STRUCTURE MAP
With known fluid level data

SCALE in FEET
2000 1000 0 2000 4000



NORTH KING CAMP

Chaves Co. New Mexico

Land Map

X-1

Jack Ahlen
February 1989

BEFORE EXAMINER LYON
Oil Conservation Division
C+T Exhibit No. 1
Case No. 9617

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:

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
CURRY-THORNTON EXHIBIT NO. 2
CASE NO. 9617 CASE NO. 9519
ORDER NO. R-8206

NOMENCLATURE

APPLICATION OF SANTA FE EXPLORATION COMPANY FOR POOL CREATION, SPECIAL POOL RULES AND DISCOVERY ALLOWABLE, CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 22, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of December, 1988, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Santa Fe Exploration Company, is the owner and operator of the Holmstrom Federal Well No. 1 located 1980 feet from the South and East lines (Unit J) of Section 9, Township 14 South, Range 29 East, NMPM, Chaves County, New Mexico, which was spudded July 29, 1988, drilled to a total depth of 9,758 feet, and successfully tested in the Devonian formation.

(3) Applicant now seeks the creation of a new pool for the production of oil from the Devonian formation consisting of the SE/4 of said Section 9 and the promulgation of temporary special rules and regulations therefor including a provision for 160-acre spacing and proration units and designated well location requirements.

(4) Applicant further seeks the assignment of an oil discovery allowable pursuant to Division General Rule 509 to the above-described well but at the time of the hearing, the applicant requested this portion of the application be dismissed.

(5) The evidence presently available indicates that the aforementioned well has discovered a separate common source of supply in the Devonian formation from 9708 to 9758 feet.

(6) There is ample evidence in the record on this case which indicates that the Devonian formation encountered in the above-described well is of high permeability and that the drainage radius of the well will be in excess of 40 acres.

(7) In order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the proposed pool.

(8) The temporary special rules and regulations should also provide for restrictive well locations in order to assure orderly development of the pool and protect correlative rights.

(9) At the request of the applicant, temporary special rules and regulations for the proposed pool should be established for a two-year period in order to allow the operators in the subject pool to gather sufficient reservoir information to show that an 160-acre unit in the area can be efficiently and economically drained and developed by one well.

(10) At the time of the hearing, the applicant requested that the proposed pool be designated the McAlpine-Devonian Pool or in the alternative the North Lucky Lake-Devonian Pool; however, neither name is acceptable at this time.

(11) A new pool classified as an oil pool for Devonian production should be created and designated the North King Camp-Devonian Pool, with vertical limits to include the Devonian formation and the horizontal limits comprising the SE/4 of Section 9, Township 14 South, Range 29 East, NMPM, Chaves County, New Mexico.

ILLEGIBLE

(12) This case should be reopened at an examiner hearing in November, 1990, at which time the operators in the subject pool should be prepared to appear and show cause why the North King Camp-Devonian Pool temporary rules promulgated herein should not be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Santa Fe Exploration Company a new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production, is hereby created and designated the North King Camp-Devonian Pool, with vertical limits comprising the Devonian formation, and the horizontal limits comprising the following described area:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 9: SE/4

(2) Temporary Special Rules for said pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH KING CAMP-DEVONIAN POOL

RULE 1: Each well completed or recompleted in the North King Camp-Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian oil pool, shall be spaced, drilled operated and produced in accordance with the Special Rules hereinafter set forth.

RULE 2: Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a governmental quarter-section being a legal subdivision of the United States Public Lands Survey.

RULE 3: The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the

ILLEGIBLE

proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4: Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit or 330 feet to any governmental quarter-quarter section line or subdivision inner boundary; nor nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6: The allowable for a standard proration unit (158 through 162 acres) shall be based on a depth bracket allowable of 515 barrels per day, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED THAT:

(3) The location of all wells presently drilling to or completed in the North King Camp-Devonian Pool or in the Devonian formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

ILLEGIBLE

(4) Pursuant to Paragraph A. of Section 70-2-18, N.M.S.A 1978 Comp., contained in Laws of 1969, Chapter 271, existing oil wells in the North King Camp-Devonian Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and , subject to said 60-day limitation, each well presently drilling to or completed in the North King Camp-Devonian Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (1) above, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool.

(5) This case shall be reopened at an examiner hearing in November 1990 at which time the operators in the subject pool may appear and show cause why the North King Camp-Devonian Pool temporary rules promulgated herein should not be rescinded.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

ILLEGIBLE

-6200

-6268

-6105

-5956

-6000

-6100

-6200

-6300

-6400

8

9

10

11

17

16

15

14

T
14
S

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
EXHIBIT NO. 4
CASE NO. 9529

SANTA FE EXPLORATION COMPANY

NORTH LUCKY PROSPECT
Chaves County, New Mexico

DEVONIAN

X-3

CONTOUR INTERVAL: 50'

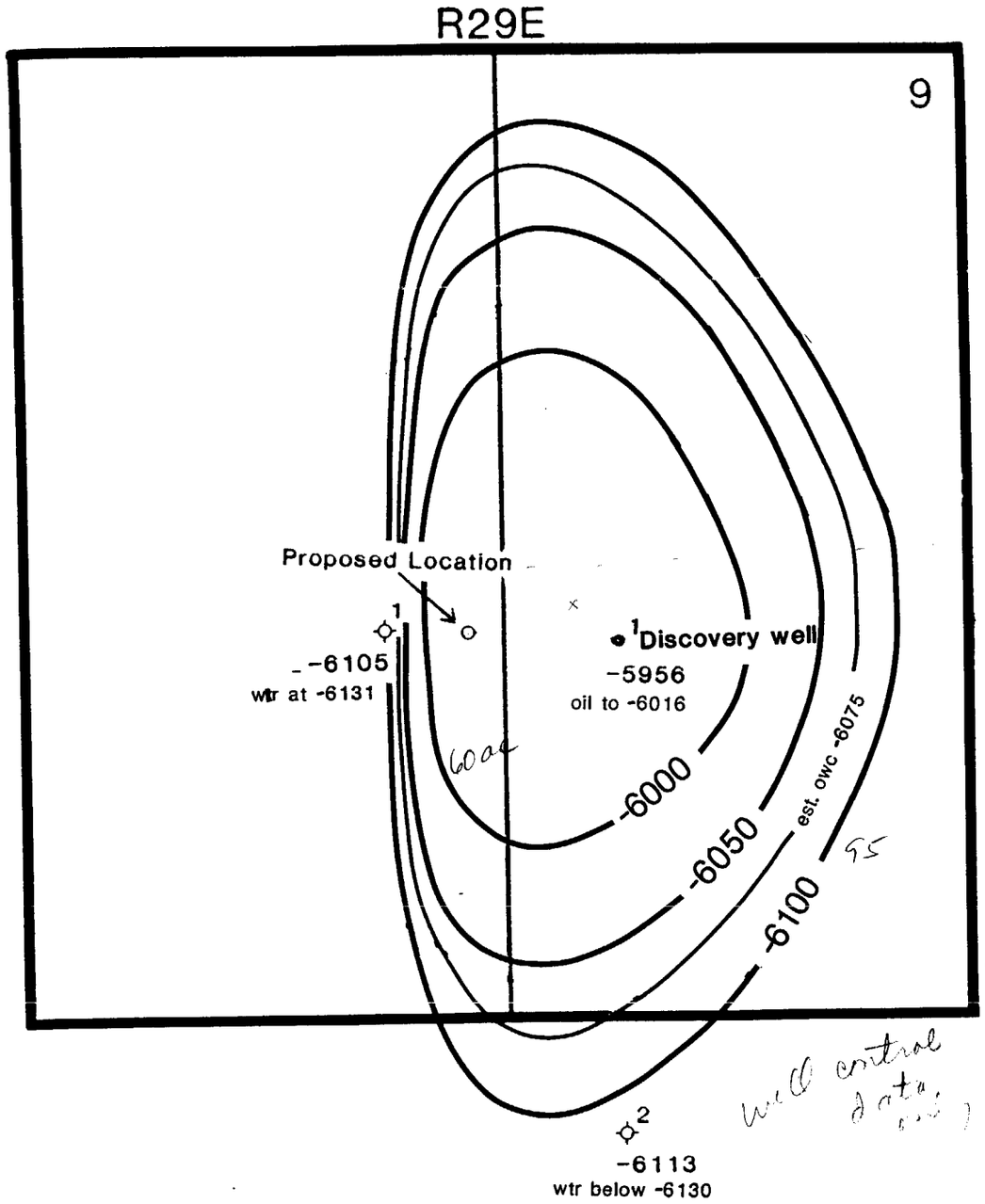
SCALE IN FEET
2000 1000 0 2000 4000

BEFORE EXAMINER LYON

Oil Conservation Division

C&T Exhibit No. 3

Case No. 9617



well control data

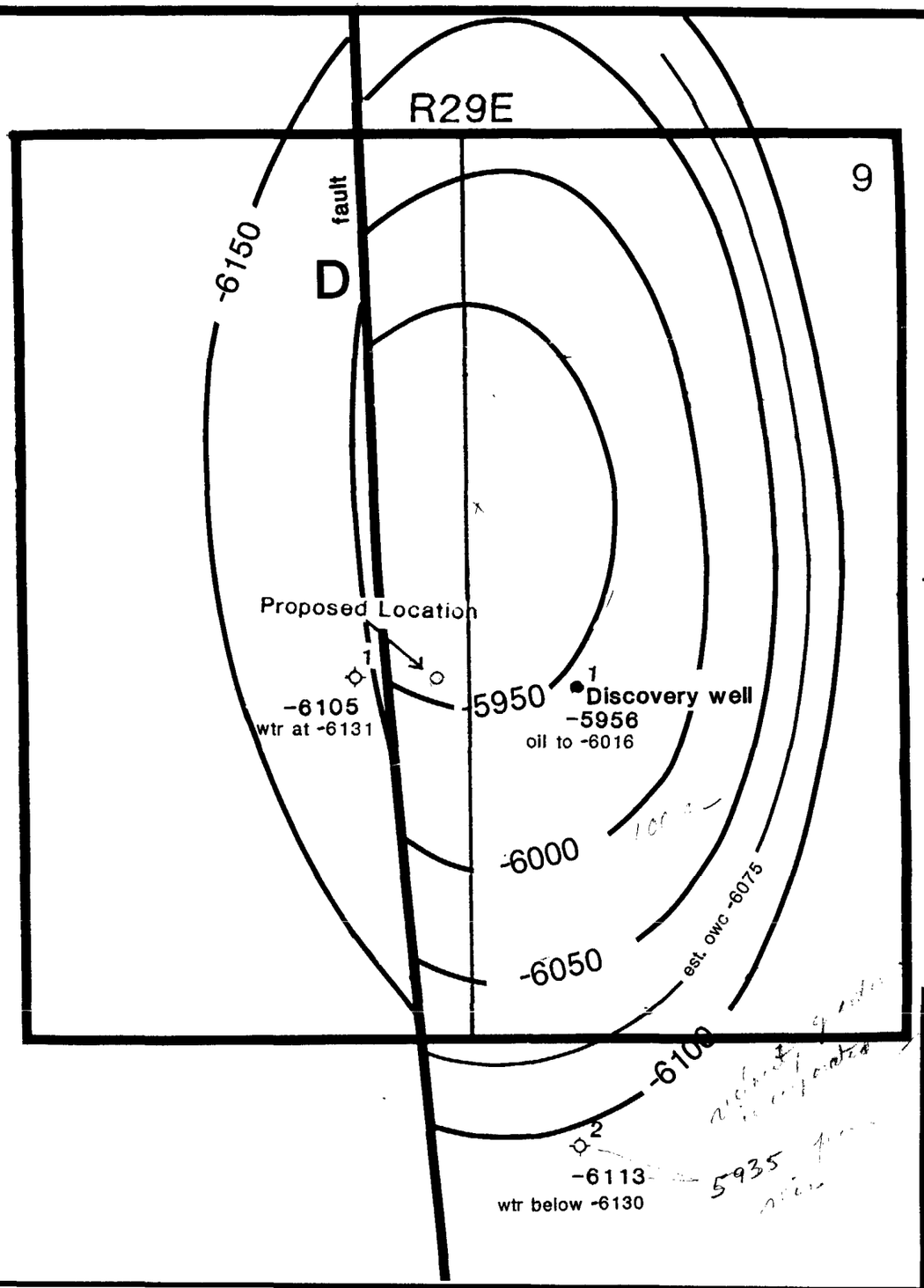
BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
CBT EXHIBIT NO. 5
CASE NO. 9617

North King Camp

Chaves Co. New Mexico
Devonian
Subsurface Structure
CI=50'
Scale

2000'

Jack Ahlen
February 1989



BEFORE EXAMINER LYON
Oil Conservation Division
CST Exhibit No. 6
Case No. 9617

North King Camp

Chaves Co. New Mexico
Devonian
Seismic Structure,
Velocity Gradient
applied to Tie Well #2
CI=50'
Scale
2000'

Jack Ahlen
February 1989