

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

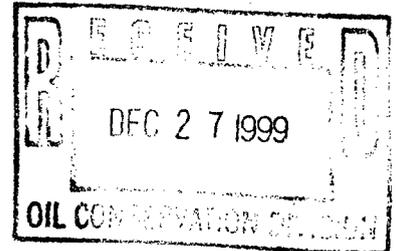
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL
 NSP
 DD
 SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC
 CTB
 PLC
 PC
 OLS
 OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX
 PMX
 SWD
 IPI
 EOR
 PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Print or Type Name

James Bruce

Signature

Attorney for Applicant

Title

12/27/99

Date

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

December 27, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Santa Fe Snyder Corporation applies for administrative approval of an unorthodox well location for the following well:

Righthand Canyon "34" Fed. Well No. 2
1076 feet FSL & 926 feet FWL
W½ §34, Township 21 South, Range 24 East, NMPM
Eddy County, New Mexico

Attached as Exhibit A is a Form C-102 for the well. The well will be drilled to test the Cisco/Canyon formation (Indian Basin-Upper Pennsylvanian Associated Pool). The pool is spaced on 320 acres, with no more than one well per 80 acre tract. Wells must be no closer than 660 feet to the outer boundary of a well unit, and no closer than 330 feet to a quarter-quarter section line. The proposed well is unorthodox because it is too close to a quarter-quarter section line.

The location is non-standard due to topographic reasons. Attached as Exhibit B is a topographic map, which shows that the wellsite is in a flat area. The well had to be moved slightly north of an orthodox location to avoid an area of high relief to the south.

Submitted as Exhibit C is a land plat around the proposed well. The well unit is comprised of a single federal lease (NM 53216), with common ownership. The well is only moving toward an interior boundary of the well unit, and thus no other operator has been notified of this application.

Please call me if you need further information on this matter.

Very truly yours,

James Bruce

James Bruce

Attorney for Santa Fe
Snyder Corporation

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

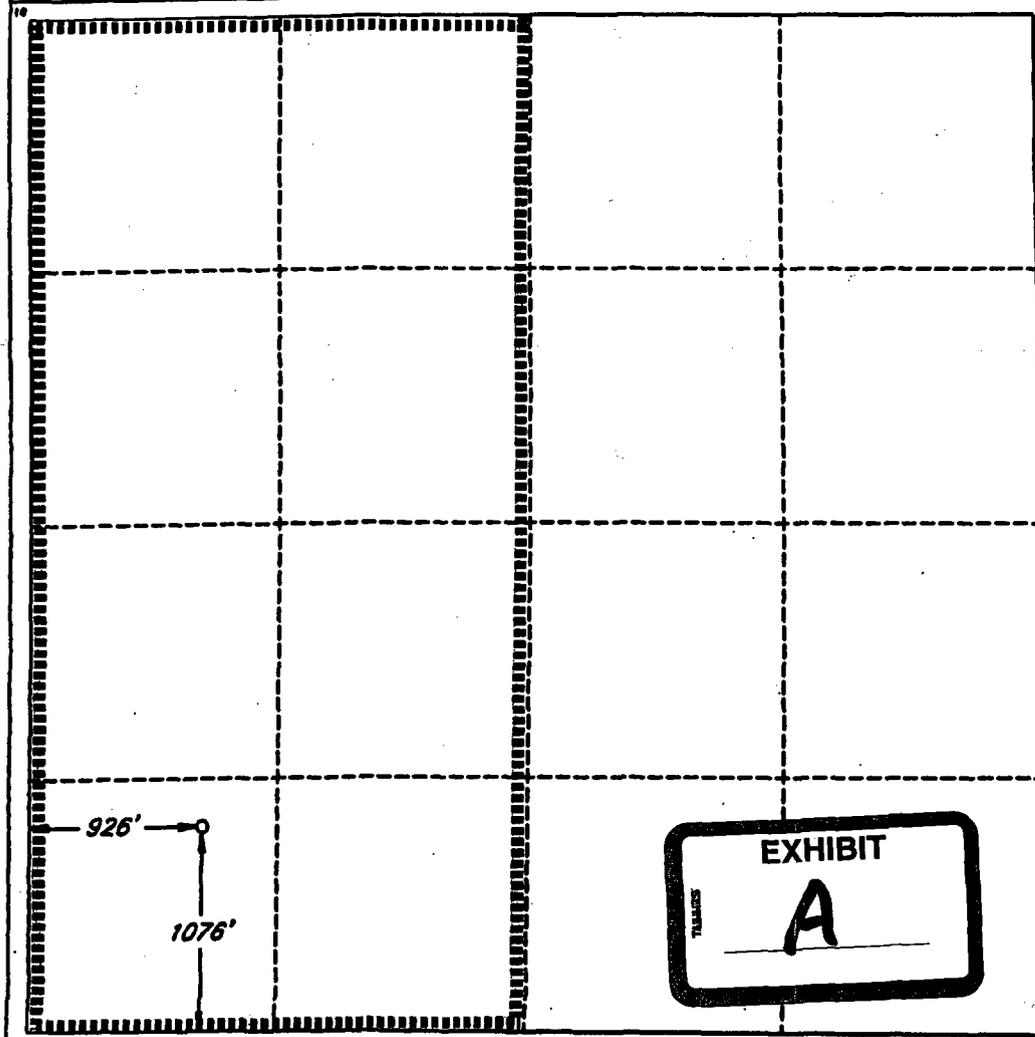
AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Indian Basin Upper Penn Associated					
4 Property Code		5 Property Name RIGHTHAND CANYON '34' FEDERAL					6 Well Number 2		
7 GRID No.		8 Operator Name SANTA FE SNYDER CORPORATION					9 Elevation 4066'		
10 SURFACE LOCATION									
UL or lot no. M	Section 34	Township 21 SOUTH	Range 24 EAST, N.M.P.M.	Lot Ida	Feet from the 1076'	North/South line SOUTH	Feet from the 926'	East/West line WEST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

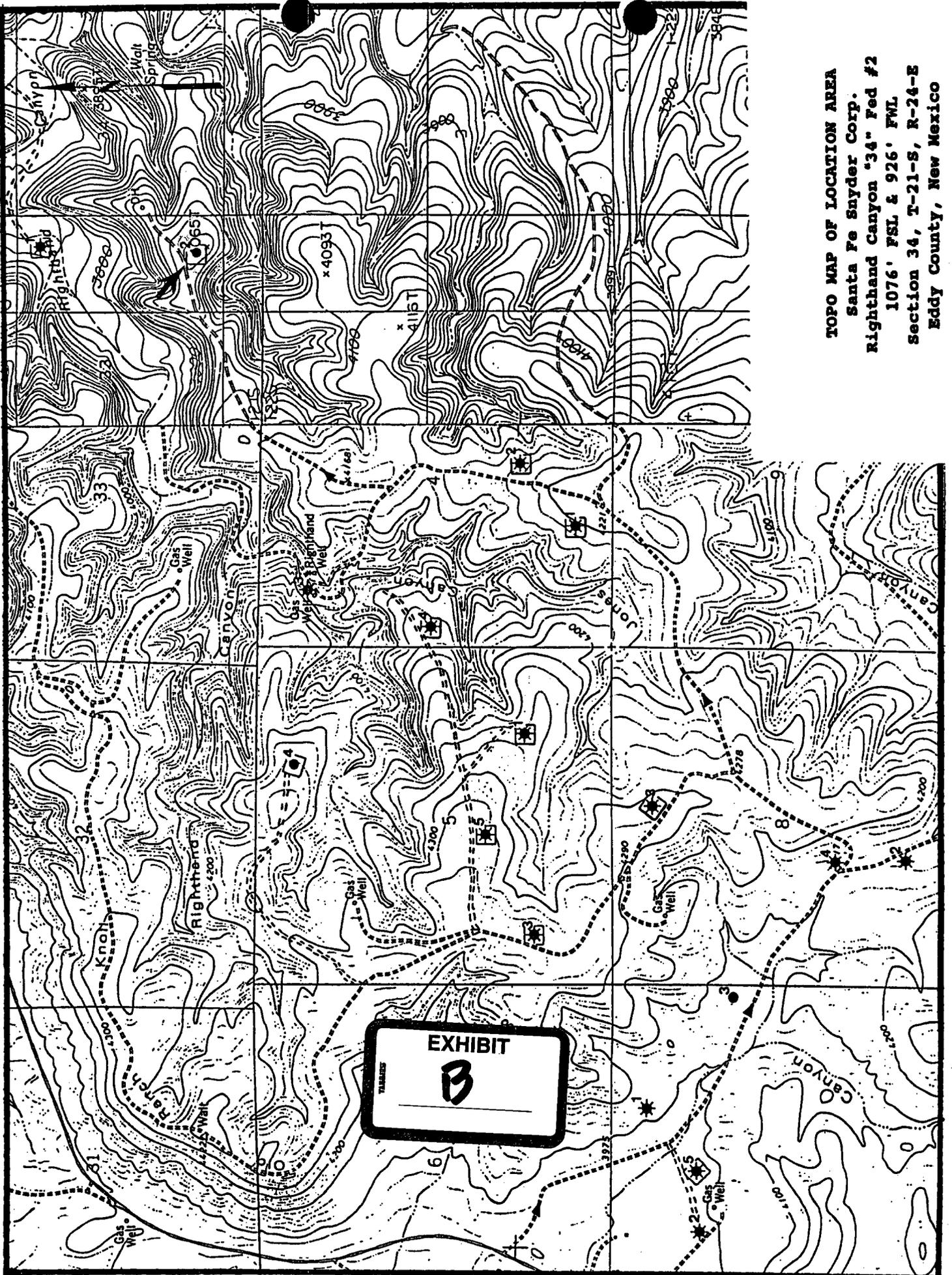
Signature
Mike Burton
 Printed Name
 Mike Burton
 Title
 Drilling Manager
 Date
 December 3, 1999

SURVEYOR CERTIFICATION

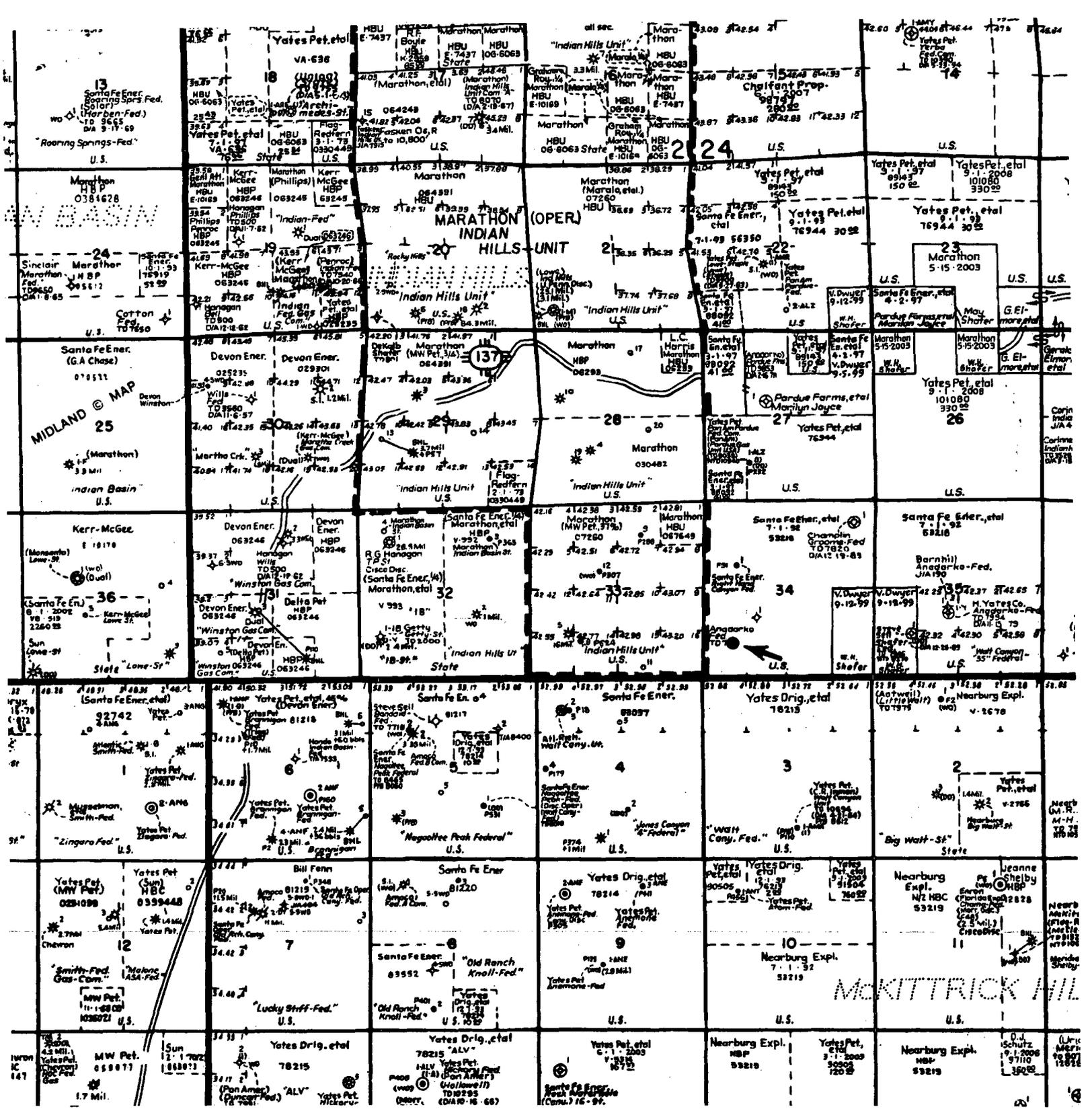
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
 AUGUST 24, 1999
 Signature and Seal of Professional Surveyor

 Certificate No. 9-1-99
 V. L. BEZNER P.S. #7920
 JOB #64846 / 51 NE / V.H.B.



TOPO MAP OF LOCATION AREA
Santa Fe Snyder Corp.
Right Hand Canyon '34" Fed #2
1076' FSL & 926' FWL
Section 34, T-21-S, R-24-E
Eddy County, New Mexico



Santa Fe Snyder Corp.
 Righthand Canyon "34" Fed #2
 1076' FSL & 926' FWL
 Section 34, T-21-S, R-24-E
 Eddy County, New Mexico



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Santa Fe Snyder Corp.

3. ADDRESS AND TELEPHONE NO.
 20305
 550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface
 (M) 1076' FSL & 926' FWL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 15 miles west of Carlsbad, New Mexico

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit lide, if any) 926'

16. NO. OF ACRES IN LEASE 640

17. NO. OF ACRES ASSIGNED TO THIS WELL 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2224'

19. PROPOSED DEPTH 8500'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4065' GR

22. APPROX. DATE WORK WILL START* September 27, 1999

5. LEASE DESIGNATION AND SERIAL NO.
 NM-53218

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 25146

8. FARM OR LEASE NAME, WELL NO. AND SURVEY OR AREA
 Righthand Canyon "34" Fed #2

9. API WELL NO.
 30-015-30863

10. FIELD AND POOL, OR WILDCAT
 Indian Basin (Upper Penn) ASS

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 34, T-21-S, R-24-E

12. COUNTY OR PARISH 13. STATE
 Eddy New Mexico

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	K-55 13 3/8"	54.5 #	1600'	1300 sx to circulate
12 1/4"	K-55 & HCK -55 9 5/8"	40.0 #	8500'	940 sx TOC @ 6000'

APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS
 ATTACHED

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. [REDACTED] If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

- Drilling Program
- Exhibit A - Operations Plan
 - Exhibit B - BOP and Choke Manifold
 - Exhibit C - Drilling Fluid Program
 - Exhibit D - Auxiliary Equipment
 - Exhibit E - Topo Map of Location
 - Exhibit F - Map Showing Existing Wells
 - Exhibit F (A) - Plat of Location
 - Exhibit G - Well Site Layout
 - Surface Use and Operations Plan
 - H2S Drilling Operations Plan

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond BLM Bond File No.: UT 0855

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED James P. "Phil" Johnson TITLE Agent for Santa Fe Snyder Corp. DATE 9-10-99

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:
 Acting Assistant Field Office Manager,
 Lands and Minerals
 APPROVED BY _____ TITLE _____ DATE DEC 08 1999

*See Instructions On Reverse Side

 **Santa Fe Snyder Corporation**

December 7, 1999

State of New Mexico
Oil Conservation Division
811 South First Street
Artesia, New Mexico 88210



ATTN: Mae Morgan

Re: Revised C-102 Forms
Righthand Cany. "34" Fed. Lse.
Nagooltee Peak "5" Fed Lse.
Eddy County, New Mexico

Dear Mae:

Enclosed please find Revised C-102 Forms changing the proration units for the following wells:

Right Hand Canyon "34" Fed #2	W/2
Nagooltee Peak "5" Fed Com #1	E/2
Nagooltee Peak "5" Fed #2	W/2
Nagooltee Peak "5" Fed #3	W/2
Nagooltee Peak "5" Fed Com #4	E/2
Nagooltee Peak "5" Fed Com #5	W/2

Please incorporate these proration unit changes in your files at your earliest convenience. If you have any questions or concerns, please feel free to contact me (915) 686-6677. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Meg Muhlinghaus".

Meg Muhlinghaus
Senior Landman

MM/efw
Encls a/s

EWOR3118

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

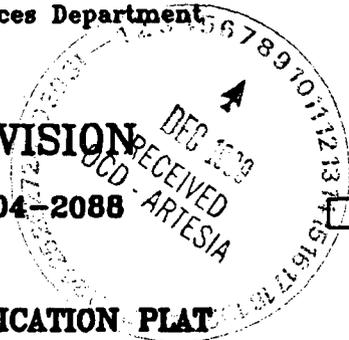
State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94

Instructions on back

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

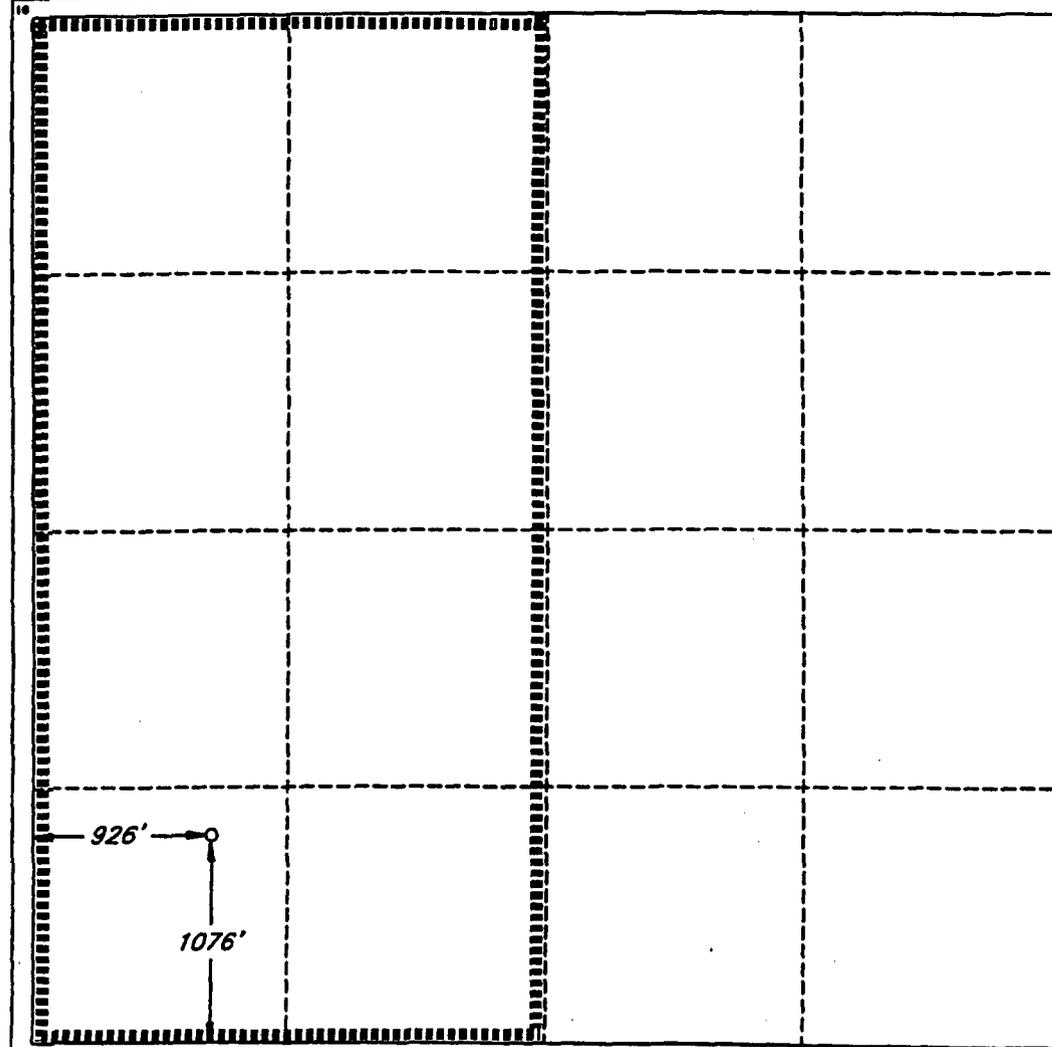


AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name RIGHTHAND CANYON '34' FEDERAL						6 Well Number 2	
7 OGRID No.		8 Operator Name SANTA FE SNYDER CORPORATION						9 Elevation 4066'	
* SURFACE LOCATION									
UL or lot no. M	Section 34	Township 21 SOUTH	Range 24 EAST, N.M.P.M.	Lot Ida	Feet from the 1076'	North/South line SOUTH	Feet from the 926'	East/West line WEST	County EDDY
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name
Mike Burton

Title
Drilling Manager

Date
December 3, 1999

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
AUGUST 24, 1999

Signature and Seal of Professional Surveyor

Certificate No. 41
V. L. BEZNER - R.P.S. #7920

JOB #64846 / 51 NE / V.H.B.

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94
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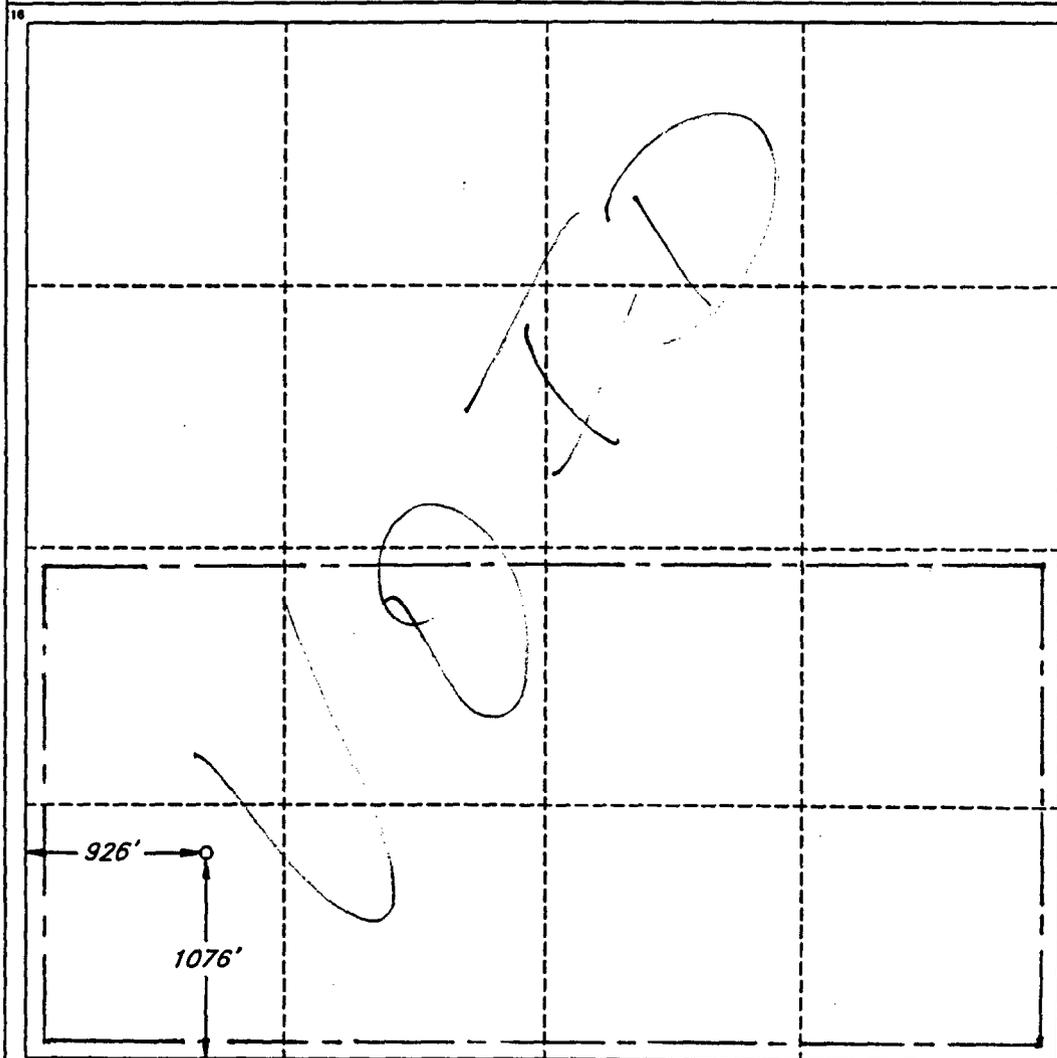
DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 33685		3 Pool Name Indian Basin (Upper Penn)					
4 Property Code		5 Property Name RIGHTHAND CANYON '34' FEDERAL					6 Well Number 2		
7 OGRID No. 20305		8 Operator Name SANTA FE SNYDER CORPORATION					9 Elevation 4066'		
10 SURFACE LOCATION									
UL or lot no. M	Section 34	Township 21 SOUTH	Range 24 EAST, N.M.P.M.	Lot Ida	Feet from the 1076'	North/South line SOUTH	Feet from the 926'	East/West line WEST	County EDDY
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
James P. Stinson

Printed Name
James P. "Phil" Stinson

Title
Agent for Santa Fe Snyder

Date
9-10-99

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
AUGUST 24, 1999

Signature and Seal of Professional Surveyor

V. L. Bezner

Certificate No.
V. L. BEZNER R.P.S. #7920

JOB #64846 / 51 NE / V.H.B.