

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

January 31, 1994

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

Santa Fe Energy Operating Partners, L.P.  
c/o Hinkle, Cox, Eaton, Coffield & Hensley  
Attention: James Bruce  
P.O. Box 2068  
Santa Fe, NM 87504-2068

*Administrative Order NSL-3348*

Dear Mr. Bruce:

Reference is made to your application dated January 26, 1994 on behalf of the operator, Santa Fe Energy Operating Partners, L.P., for a non-standard oil well location for the North Pure Gold "9" Federal Well No. 5 to be drilled 1140 feet from the North line and 990 feet from the West line (Unit ~~P~~) of Section 9, Township 23 South, Range 31 East, NMPM, to test the Los Medanos Pool, Eddy County, New Mexico. It is our understanding the proposed North Pure Gold "9" Federal Well No. 5 is within the Oil/Potash "R-111-P" area, and is therefore subject to all applicable restrictions and rules therein. Further, it is our understanding the original location proposed by Santa Fe Energy Operating Partners, L.P. for this well, which was to be at a standard oil well location 990 feet from the North and West lines of said Section 9, was unacceptable to the U.S. Bureau of Land Management since it:

"...would likely interfere with potash mining and result in undue waste of known enclave reserves. It could also prove hazardous to the health and safety of potash miners."

However, a move of merely 150 feet south would be acceptable, which presumably would not interfere with potash mining, would not result in undue waste of known enclave reserves and would not be a hazard to the health and safety of potash miners.

By the authority granted me under the provisions of General Rule 104.F.(1), the above-described unorthodox oil well location is hereby approved. The NW/4 NW/4 of said Section 9 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay  
Director

WJL/MES/amg

cc: Oil Conservation Division - Artesia  
US Bureau of Land Management - Carlsbad  
US Bureau of Land Management - Santa Fe (William C. Caulkins)