

12/28/99 1/18/00 MS NJ NSL

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]

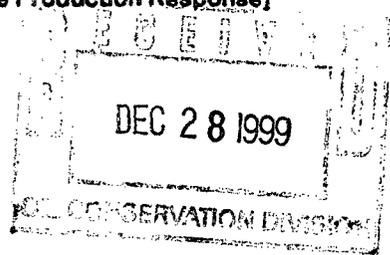
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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.

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

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

James Bruce Signature

Attorney for Applicant Title

12/28/99 Date

Print or Type Name

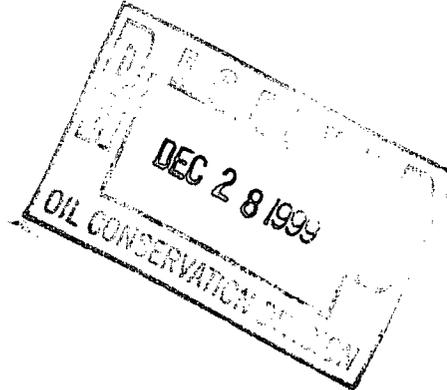
JAMES BRUCE

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 28, 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 and a non-standard proration unit for the following well:

Jones Canyon "4" Fed. Well No. 5
1699 feet FNL & 2576 feet FEL
Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, and SE $\frac{1}{4}$ (E $\frac{1}{2}$ equivalent) of Section 4,
Township 22 South, Range 24 East, NMPM, containing 345.88
acres, more or less
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 the outer boundary of the well unit.

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 west of an orthodox location, at the request of the Bureau of Land Management, to avoid an area of high relief to the east of the well.

Submitted as Exhibit C is a land plat of the subject area. All of Section 4 is comprised of a single federal lease (NM 83097), with common ownership throughout the section. The well is moving toward an interior boundary of the lease, and thus no operator has been notified of this application.

The E½ of Section 4 will be simultaneously dedicated to the proposed well and the existing Jones Canyon "4" Well No. 2, which is located in Unit J of Section 4. The location for that well was approved by Division Administrative Order NSL-3628.

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

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name.

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

AMENDED REPORT

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		3 Pool Name		Indian Basin (Upper Penn) Associated				
4 Property Code		5 Property Name				6 Well Number		JONES CANYON '4' FEDERAL 5		
7 OGRID No.		8 Operator Name				9 Elevation		20305 SANTA FE SNYDER CORPORATION 4158'		
10 SURFACE LOCATION										
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County	
G	4	22 SOUTH	24 EAST, N.M.P.M.		1699'	NORTH	2576'	EAST	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.				
320										

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

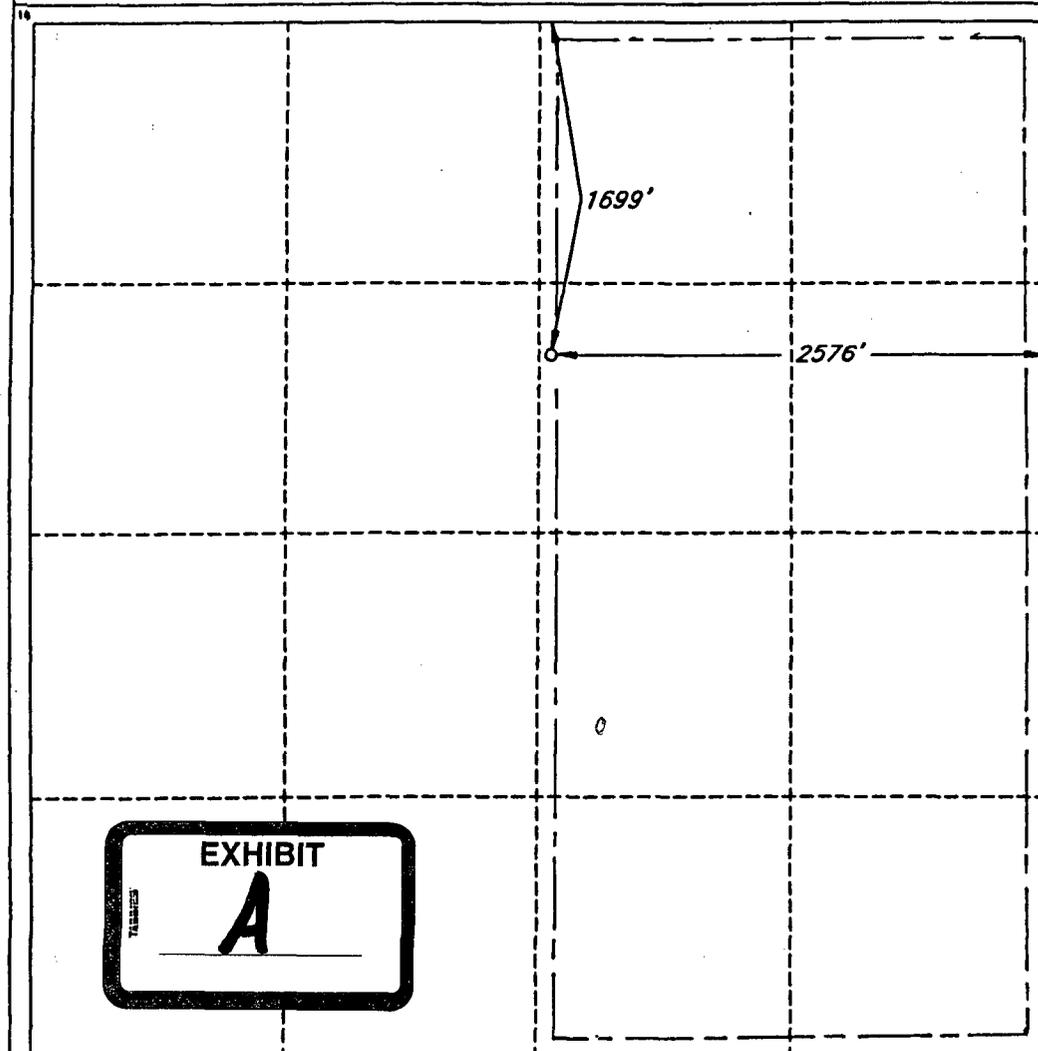


EXHIBIT
A

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. Phil Stinson*
Printed Name: James P. "Phil" Stinson

Title: Agent for Santa Fe Snyder
Date: 9-17-99

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. Lynn Bezner*
V. LYNN BEZNER
NO. 7920
9-1-99

Certificate No.: V. L. BEZNER R.P.S. #7920
JOB #64844 / 51 NE / V.H.B.

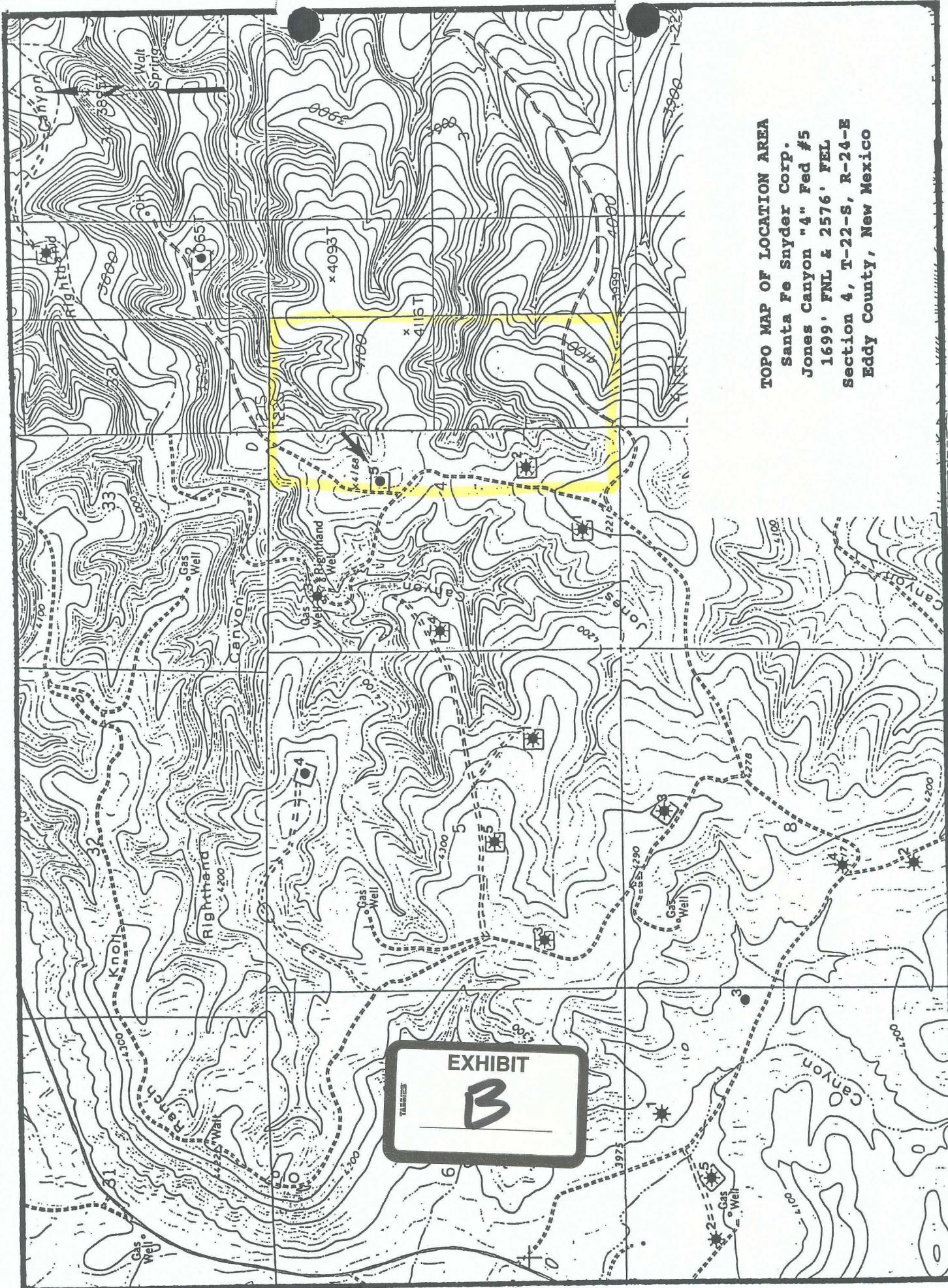


EXHIBIT
B

TOPO MAP OF LOCATION AREA
Santa Fe Snyder Corp.
Jones Canyon "4" Fed #5
1699' FNL & 2576' FEL
Section 4, T-22-S, R-24-E
Eddy County, New Mexico

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/29/99 09:08:03
OGOMES -TPWE
PAGE NO: 1

Sec : 04 Twp : 22S Rng : 24E Section Type : NORMAL

4 52.99 Federal owned A	3 52.97 Federal owned	2 52.95 Federal owned	1 52.93 Federal owned
E 40.00 Federal owned C A	F 40.00 Federal owned A	G 40.00 Federal owned	H 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

42.95
 92.93

 185.88
 16

 345.88

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/29/99 09:08:08
OGOMES -TPWE
PAGE NO: 2

Sec : 04 Twp : 22S Rng : 24E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned A	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD : ONGARD 12/29/99 09:08:19
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPWE

API Well No : 30 15 28779 Eff Date : 08-17-1999 WC Status : A
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
OGRID Idn : 20305 SANTA FE SNYDER CORP
Prop Idn : 17286 JONES CANYON 4 FEDERAL

Well No : 002
GL Elevation: 4141

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: J	4	22S	24E	FTG 1505 F S	FTG 2381 F E	P

Lot Identifier:

Dedicated Acre: 345.96

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 6, 1996

Santa Fe Energy Resources, Inc.
c/o Hinkle, Cox, Eaton, Coffield & Hensley, P.L.L.C., LTD., Co.
P. O. Box 2068
Santa Fe, New Mexico 87504-2068
Attention: James Bruce

Administrative Order NSL-3628

Dear Mr. Bruce:

Reference is made to your application dated January 19, 1996 on behalf of the operator, Santa Fe Energy Resources, Inc., for a second well to be drilled at an unorthodox location within an existing standard 320-acre spacing and proration unit in the Indian Basin-Upper Pennsylvanian Associated Pool.

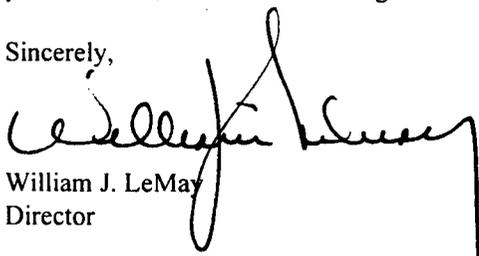
Said 320-acre standard spacing and proration unit comprises the S/2 of Section 4, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and is currently dedicated to the Jones Canyon "4" Federal Well No. 1 (API No. 30-015-28076), located at a standard location 660 feet from the South line and 2300 feet from the West line (Unit N) of said Section 4.

It is our understanding that the subject well in this application, the Jones Canyon "4" Federal Well No. 2 (API No. 30-015-28779), is to be located 1505 feet from the South line and 2381 feet from the East line (Unit J) of said Section 4.

By authority granted me under the provisions of Rule 2(c) of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*", as promulgated by Division Order Nos. R-9922 and R-5353, as amended, the above-described unorthodox location for the proposed Jones Canyon "4" Federal Well No. 2 is hereby approved.

Further, the operator is authorized to continue operating the above-described standard 320-acre spacing and proration unit, with allowable assigned thereto in accordance with Rule 22 of said special pool rules.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad