

11/6/96

11/26/96

M.S.

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NSL

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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

Santa Fe Energy
Resources Inc.

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

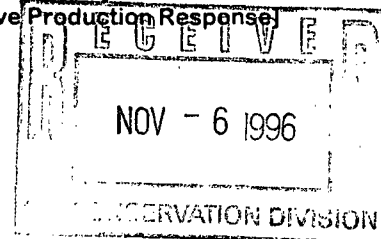
☒ NSL ☐ NSP ☐ DD ☐ SD

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
 218 MONTEZUMA
 SANTA FE, NM 87501

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

James Bruce
 Signature

Attorney
 Title

11/5/96
 Date

Print or Type Name

**HINKLE, COX, EATON, COFFIELD & HENSLEY,
L.L.P.**

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*NOT LICENSED IN NEW MEXICO

November 5, 1996

Hand Delivered

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

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Santa Fe Energy Resources, Inc. hereby applies for administrative approval of an unorthodox oil well location for the following well:

Grassland "27" Well No. 1
1243 feet FSL & 353 feet FEL
SE $\frac{1}{4}$ SE $\frac{1}{4}$ §27, Township 15 South, Range 34 East, NMPM
Lea County, New Mexico

The well will be drilled to test the Devonian formation. This well is a wildcat, and well spacing is 40 acres.

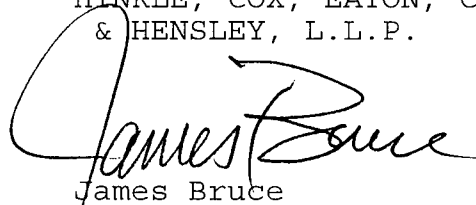
The proposed location is based upon geological reasons. Attached as Exhibit A is a structure map on top of the Devonian formation. It is extremely important to be high structurally in a Devonian reservoir. The proposed location allows the well to gain 50 feet structurally over an orthodox location, and places the well at the highest structural position in the reservoir. Thus, moving the well to its proposed location substantially reduces the risk in drilling the well.

Attached as Exhibit B is a land plat around the proposed well, outlining Santa Fe-operated acreage in yellow (Santa Fe operates the acreage in partnership with David Petroleum Corporation). There are no Devonian wells in the area. The only affected offsetting acreage is (a) the W $\frac{1}{2}$ SW $\frac{1}{4}$ §26, which is owned 100% by Santa Fe and David Petroleum, and (b) the NE $\frac{1}{4}$ SE $\frac{1}{4}$ §27, which is owned 100% by Santa Fe, David Petroleum, and Barbara Fasken. A copy of this application has been sent, via certified mail, to Ms. Fasken, and a copy of the notice letter is attached as Exhibit C.

This application is submitted in triplicate. Please call me if you need anything further on this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in dark ink and is positioned over the typed name "James Bruce".

James Bruce

Attorneys for Santa Fe Energy
Resources, Inc.

Parsley Kaiser Francis, et al 6-17-79 L 3056 628 RL McKay to 11,000 Solid State (Kaiser- Francis) Texaco 6-1-82 L 294 18-75 RL McKay to 11,000 MAPCO Kaiser- Francis 10-16-80 Texaco 7-21-80 L 210 628 RL McKay to 11,000 Prod. 32 58 3 HNG 11-1-92 LH-1892 30562 State	Pennzoil 3-1-83 L 1102 25-9 MORTON STATE DORCHES- TER (OPER) State T Fort Fam. Trust (S) Texaco 6-1-82 L 294 18-75 RL McKay to 11,000 MAPCO Kaiser- Francis 10-16-80 Texaco 7-21-80 L 210 628 RL McKay to 11,000 Prod. 32 58 3 HNG 11-1-92 LH-1892 30562 State	W.J. Picou, et al 4-1-94 57284 U.S. MI L.E. Cullen, et al Jean C. Jones Bi-State Leans 11-5-91 Stoltz & Co. Huber, et al 10-16-80 DIA 8-18-68 U.S.A (S) Union Reed 10-16-80 DIA 8-18-68 U.S.A (S) Bill Graham, et al (12/15) Ruth Shapiro (1/2)	Hudson Pet. 1-1-92 LH-1893 1951 J.M. Huber 2-1-93 LH2214 State 74-66 State LWC Disc Huber Corp. Superior 10-16-80 HBC O'Neill F235 J. Huber 10-16-80 F350 F487 (Mobil) L 6690 20-10-80 T/A State	
Yates Pet., et al 9-1-91 V-1957 5692 16 State	Yates Pet., et al 8-1-99 VA-1248 2789 15 State CA Fort. Est. (S)	Paladin Expl. Meridian, 1/2 3-1-98 VA-841 2250 Paladin Expl. Meridian, 1/2 5-1-98 VA-899 5094 Gecko, Inc. 4-1-80 DIA 4-20-80 DIA 5-14-94 State CA Fort. Est. (S)	56 Union Expl. 9-10-94 K.O. Butler LG-1429 (Union) (Pure) (St. Lea) DIA 5-25-61 P/B 12770 Morrow Disc. 1.4 Mil. State "St." CA Fort. Est. (S)	Headington Arreguy 10-10-72 Union Stoltz DIA 12-25-89 DIA 12-25-89 Texaco Arreguy 10-10-72 DIA 12-25-89 Yates Pet., et al 12-1-99 VB-0434 9392 Gulf HBP E-2431 Phillips Townsend 1-8 JIA 1486 State CA Fort. Est. (S)
Yates Pet. 10-1-91 VB 50 3438 21 State	Yates Pet., et al 8-1-99 VA-1249 2389 22 State CA Fort. Est. (S)	Meridian, 1/2 Paladin Expl. 3-1-98 VA-843 2313 Meridian, 1/2 Paladin Expl. 3-1-98 VA-844 2150 Meridian, 1/2 Paladin Expl. 3-1-98 VA-846 3313 State CA Fort. Est. (S)	David Pet. 6-1-99 V-4383 11250 320/320 State CA Fort. Est. (S)	Texaco HBP E-7984 Gr. Westin 112 State CA Fort. Est. (S)
Chevron 10-1-87 L 4893 1811 31-92 John Escheverry	David Pet. 8-25-97 313.8/320 Olan E. La Dayce Caswell	Meridian, 1/2 Paladin Expl. 3-1-98 VA-844 2150 Yates Pet., et al 9-1-96 V-3820 3632 State CA Fort. Est. (S)	David Pet. 12-2-99 V-27-38 3-21-97 BTA (memo of opt) no term 160/160 A.C. Pettit, et al, M.I. Merry L. Higgins, Jr State CA Fort. Est. (S)	BTA (memo of opt) no term Sun Arreguy State CA Fort. Est. (S)
John Escheverry David Pet. 9-27-98 9-10-98 28 State	J.E. Kiehne 7-22-90 156.9/160 David Pet. 5-27-97 8-25-97 6-28-97 5-27-99 157.4/160 27 State	G.P. Livermore Maxwell-St. TD 6306 DIA 10-20-42 Barbier Maxwell-St. TD 10800 J.C. Maxwell, et al, M.I. Hardin & Watson, Inc. State CA Fort. Est. (S)	David Pet. 2-14-97 320/320 State CA Fort. Est. (S)	BTA (memo of opt) no term State CA Fort. Est. (S)
Chevron 10-1-87 L 4893 1811 31-92 John Escheverry	David Pet. 9-27-98 9-10-98 28 State	K. Roberts, M.I. Chevron 12-5-92 N231 6-5-92 E14 Kerr-McGee 12-14-90 3-10-91 12-11-91 R.V. Watts 6-1-98 5-5-98 David Pet. 6-3-98 5-5-98 12-13-96 140/160 Harriet McDonald, et al Olan E. La Dayce Caswell State CA Fort. Est. (S)	David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 State CA Fort. Est. (S)	BTA (memo of opt) no term State CA Fort. Est. (S)
Western oil 35% 1-83 444 R.F. Ford 10-97-1583 33 State	Enron 5-10-88 4-16-87 4-7-85 HNG 4-25-87 1-19-87 David Pet. 6-3-99 4-29-98 12-13-96 238.222/320 State CA Fort. Est. (S)	Horizon Expl. 9-1-2004 93489 34000 Great Western Davoil, 35% 2-1-83 17444 David Pet. 6-6-97 4-13-97 9-1-97 25.25/320 State CA Fort. Est. (S)	David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 State CA Fort. Est. (S)	(Samedan, 1/2) Bass Ent. LQ 4534 Bass Ent. 4555 St. Dual Disc. Me. W. of Livingston to base of Perm. (Exxon) E-735 "AM" State CA Fort. Est. (S)
Crump Pet. 1-5-99 34 State	Horizon Expl. 9-1-2004 93489 34000 David Pet. 6-6-97 4-13-97 9-1-97 25.25/320 State CA Fort. Est. (S)	David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 State CA Fort. Est. (S)	David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 David Pet. 10-28-97 40/40 State CA Fort. Est. (S)	BTA (memo of opt) no term State CA Fort. Est. (S)

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GREGORY J. NIBERT
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*

November 5, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Barbara Fasken
Suite 1900
303 West Wall
Midland, Texas 79701

Attn: Sally Kvasnicka

Dear Ms. Fasken:

On November 5, 1996 Santa Fe Energy Resources, Inc. filed an application at the New Mexico Oil Conservation Division seeking administrative approval of an unorthodox oil well location for its Grassland "27" Well No. 1, located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27, Township 15 South, Range 34 East, NMPM, in Lea County. A copy of the application is enclosed. Santa Fe's records show that you own an interest offsetting the above well unit. If you have any objection to the unorthodox location, you must notify the Division in writing no later than 20 days from the date of this letter, at its Santa Fe office (2040 South Pacheco Street, Santa Fe, New Mexico 87505, Attention: Michael E. Stogner).

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.

James Bruce
James Bruce



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