

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

OCT - 8 1998

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

10/8/98
 Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

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

October 8, 1998

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 Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox oil well location for the following well:

Maljamar "15" Fed. Well No. 1
1310 feet FNL & 1310 feet FEL
NE $\frac{1}{4}$ NE $\frac{1}{4}$ S15, Township 17 South, Range 32 East, NMPM
Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Devonian formation (Undesignated Maljamar-Devonian Pool). Well spacing is 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line. A Form C-102 for the well is attached as Exhibit A.

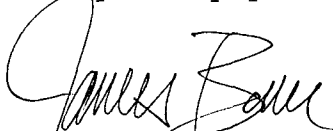
The proposed location is based upon geological and geophysical reasons. Attached as Exhibit B is a structure map on top of the Devonian/base of Woodford formation, which is based on 3D seismic and some well control. The map shows that the proposed location is in the highest part of the structure. Any orthodox location in the NE $\frac{1}{4}$ places the well off the top of the structure. Thus, moving the well to its proposed location substantially reduces the risk involved in drilling the well.

Submitted as Exhibit C is a land plat of the subject area, with the location of the proposed well marked thereon. The NE $\frac{1}{4}$ of Section 15 is subject to federal lease NM 031572. Working, royalty, and overriding royalty ownership is common throughout the NE $\frac{1}{4}$ of Section 15. As to the working interest, Altura Energy Ltd. and Santa Fe own 50%, and Maralo Inc. owns 50%.

Since interest ownership is common in the proposed well unit and in offsetting well units, notice is not required to be given to any offset owner. As a result, Santa Fe requests that the 20 day waiting period be waived.

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

Very truly yours,

A handwritten signature in dark ink, appearing to read "James Bruce", written over a horizontal line.

James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

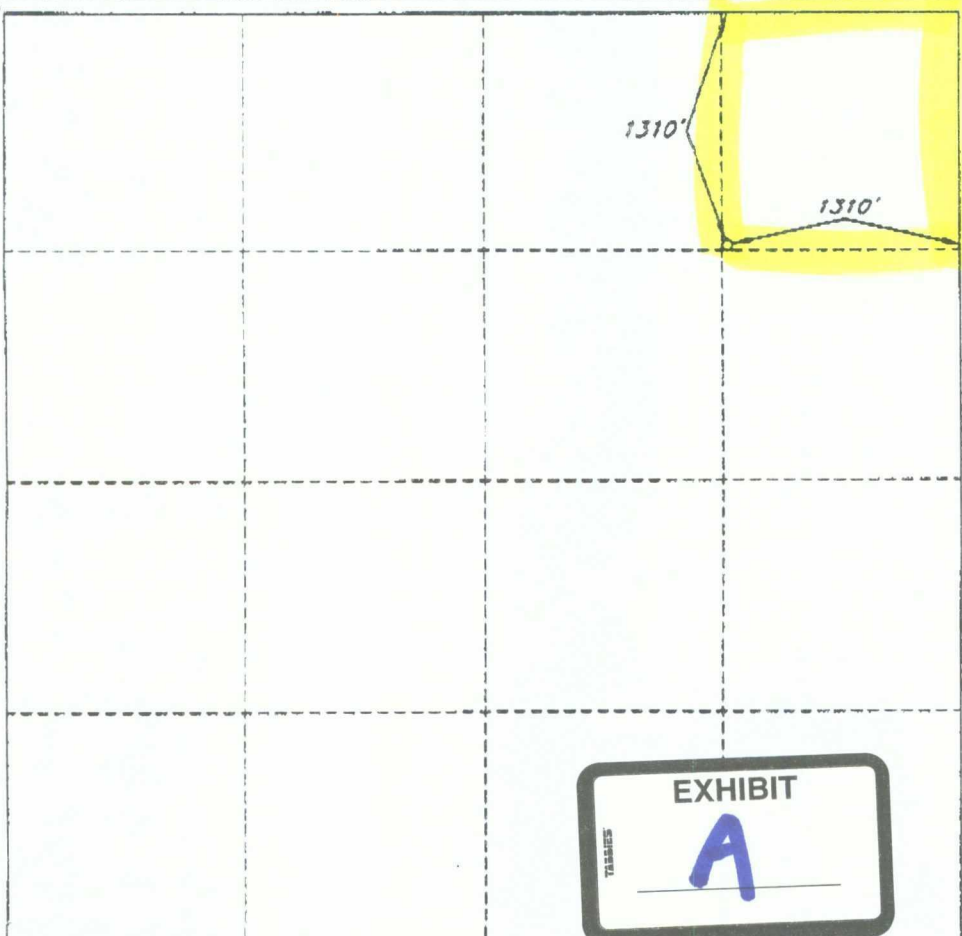
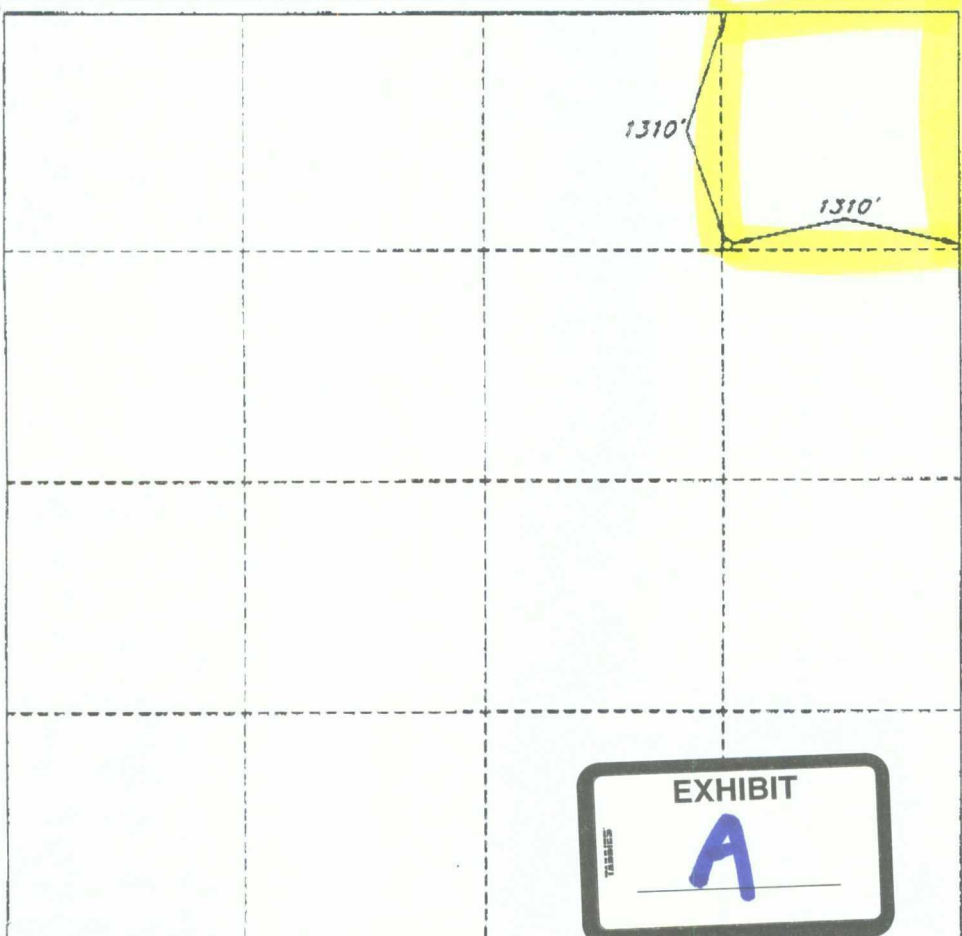

DISTRICT IP. O. Box 1980
Hobbs, NM 88241-1980State of New Mexico
Energy, Minerals, and Natural Resources Department

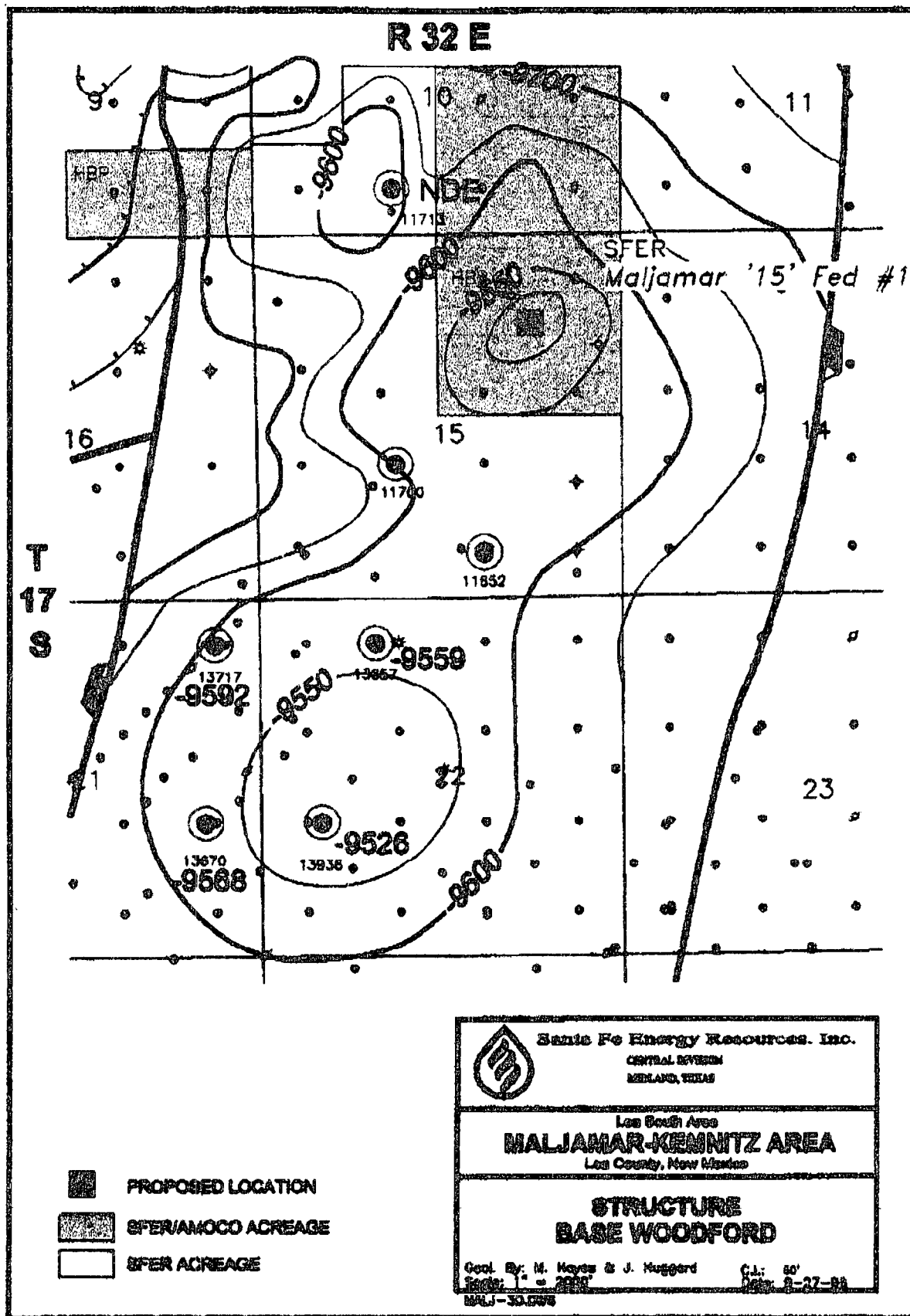
Form C-102

Revised 02-10-94

Instructions on back

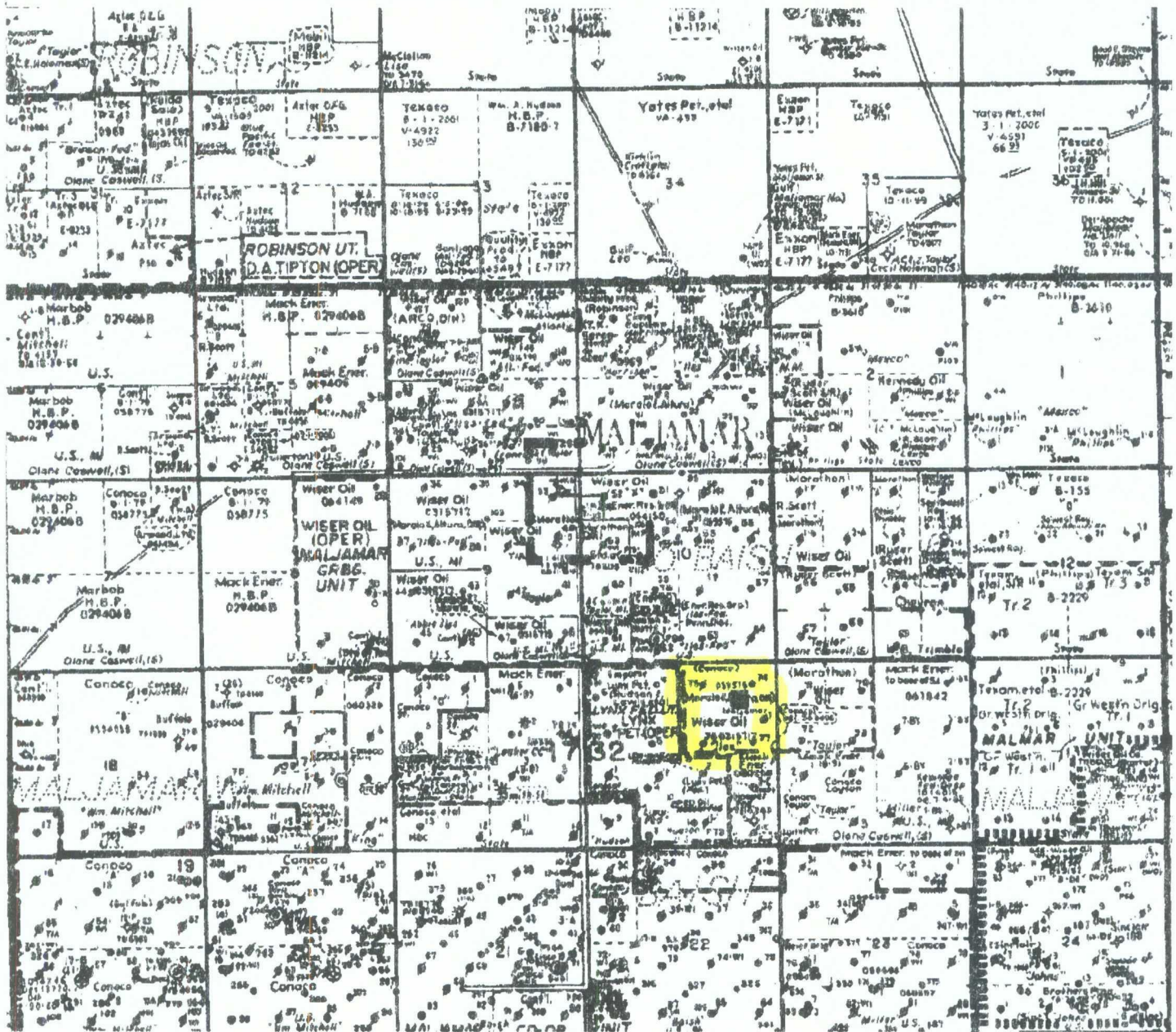
DISTRICT IIP. O. Drawer DD
Artesia, NM 88211-0719Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies**DISTRICT III**1000 Rio Brazos Rd.
Aztec, NM 87410**OIL CONSERVATION DIVISION**P. O. Box 2088
Santa Fe, New Mexico 87504-2088☐ AMENDED REPORT**DISTRICT IV**P. O. Box 2088
Santa Fe, NM 87507-2088**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name MALJAMAR '15' FEDERAL						6 Well Number 1	
7 GRID No.		8 Operator Name SANTA FE ENERGY RESOURCES, INC.						9 Elevation 4074'	
10 SURFACE LOCATION									
UL or lot no. A	Section 15	Township 17 SOUTH	Range 32 EAST, N.M.P.M.	Lot Ida	Feet from the 1310'	North/South line NORTH	Feet from the 1310'	East/West line EAST	County LEA
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			
						Printed Name			
						Title			
						Date			
						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 SEPTEMBER 11, 1998			
						Signature and Profession  ROGER M. ROBBINS REGISTERED PROFESSIONAL SURVEYOR NEW MEXICO 12128			
						Certificate No. 12128			
						JOB #60423 / 97 SW / V.H.B.			



EXHIBIT

B



☐ SFER, INC. Acreage

☒ Majamar "15" Fed #1
1310' FNL & 1310' FEL
Sec. 16, T-17-S, R-32-E



Santa Fe Energy Resources, Inc.
Central Division
Midland, Texas

LEA COUNTY, NEW MEXICO

LAND PLAT

MALJAMAR PROSPECT

9/23/88

EXHIBIT

C

JAMES BRUCE
ATTORNEY AT LAW

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OCT 14 1998

October 11, 1998

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
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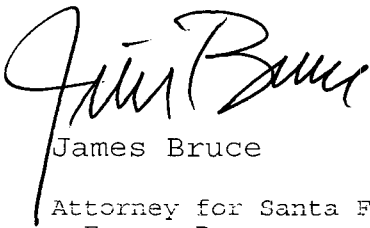
Re: Administrative application of Santa Fe Energy Resources,
Inc. for approval of an unorthodox oil well location

Maljamar "15" Fed. Well No. 1
§15-17S-32E, Eddy County, New Mexico

Dear Mr. Stogner:

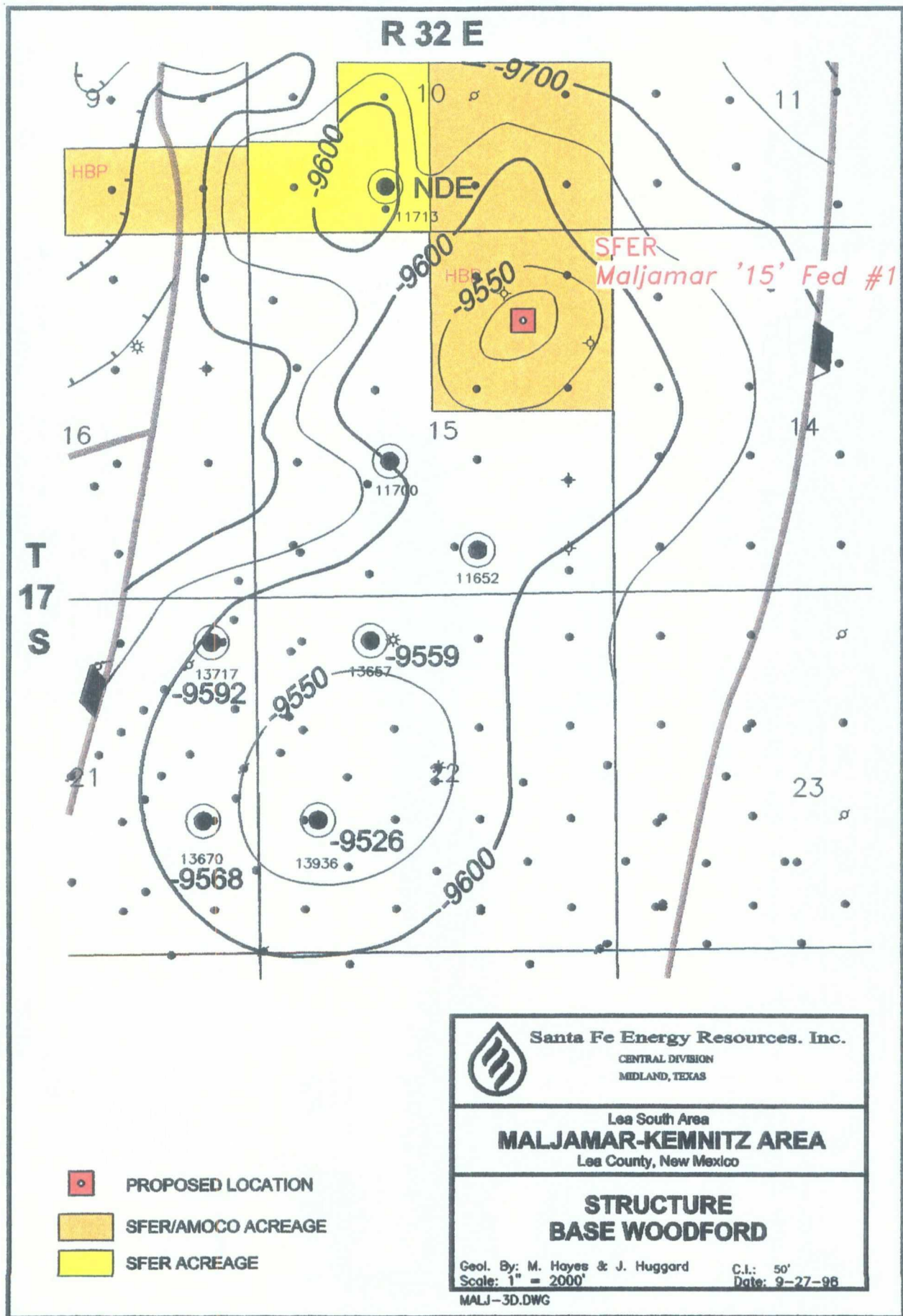
The above application was filed last week. Enclosed is a better
structure map than the copy attached to the application.

Very truly yours,



James Bruce

Attorney for Santa Fe
Energy Resources, Inc.



COUNTY Lea

POOL

POOL Maljamar - Devonian

TOWNSHIP 17 South

RANGE 32 East

NMEM

[illegible]

Description: $\frac{E}{2}$ Sec. 21; All Sec. 22 (R-142, 4-11-52)