



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

June 7, 1990

Sendero Petroleum, Inc.
P.O. Box 1736
Midland, TX 79702

Attention: Kurt Boley, Vice-President

Administrative Order NSL-2809

Dear Mr. Boley:

Reference is made to your application dated May 9 and 17, 1990 to re-enter the plugged and abandoned Santa Fe Exploration Company Indian Basin Federal Well No. 1, located at a standard gas well location 660 feet from the South and East lines (Unit P) of Section 8, Township 21 South, Range 23 East, NMPM, to test the Undesignated Indian Basin Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

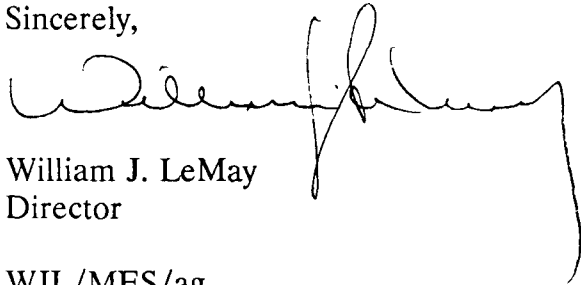
Pursuant to your application and according to the files on record with the Division, said well was originally drilled by Santa Fe Exploration Company in June 1989 to a total depth of 9355 feet to test the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool. By Division Order No. R-8913 the unorthodox location for said well was granted. However, by Division Order No. R-8913-A all provisions of said Order No. R-8913 were vacated since the well had been properly plugged and abandoned on July 5, 1989.

At this time, the applicant, Sendero Petroleum Inc., has made a proper filing pursuant to Rule 2(c) of Division Order No. R-8170, as amended. However, per an agreement with offsetting operators, production from this well should not exceed 50 percent of the standard monthly proration allowable assigned the proration unit.

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Therefore, the above-described unorthodox gas well location, to be renamed the Pronghorn Federal Well No. 1, is hereby approved, PROVIDED HOWEVER said well and unit shall be assigned an acreage factor of 0.5.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia: Mae Morgan
Mike Williams
US Bureau of Land Management - Carlsbad
Oil Conservation Division - Santa Fe: Rick Brown
Gas Proration Department