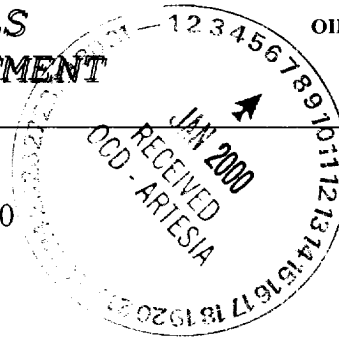




**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 4, 2000



**Santa Fe Snyder Corporation
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504**

Telefax No. (505) 982-2151

Administrative Order NSL-4384(SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated December 27, 1999 on behalf of the operator Santa Fe Snyder Corporation ("Santa Fe"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Santa Fe's request for an exception to Rule 2(b) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*", as promulgated by Division Order No. R-5353, as amended, for an infill well to be drilled at an unorthodox location within an existing 320-acre stand-up spacing and proration unit comprising the W/2 of Section 34, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Santa Fe's Right Hand Canyon Federal Well No. 1 (API No. 30-015-27046), located at a standard location 1980 feet from the North line and 990 feet from the West line (Unit E) of Section 34.

The subject application has been duly filed under the provisions of Division Rule 104.F and Rule 2(c) of the Division's associated pool rules.

By the authority granted me under the provisions of: (i) Rule 2(c) of the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool/General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*"; and (ii) Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill location within this 320-acre unit is hereby approved:

**Righthand Canyon "34" Federal Well No. 2
1076' FSL & 926' FWL (Unit M) of Section 34
(API No. 30-015-30873).**

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Santa Fe is hereby authorized to simultaneously dedicate production attributed to the