



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

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

December 29, 1999

**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-3628-A (SD)***

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated December 28, 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 345.88-acre stand-up spacing and proration unit comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 4, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

This unit is currently dedicated to Santa Fe's Jones Canyon "4" Federal Well No. 2 (API No. 30-015-28779), located at an unorthodox location (approved by Division Administrative Order NSL-3628, dated February 6, 1996) 1505 feet from the North line and 2381 feet from the East line (Unit J) of Section 4.

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.

Further, all of Section 4 is a single Federal lease (United States Government Lease No. NM-83097) in which Santa Fe is the leasehold operator; therefore, there are no effected offsets to the subject 345.88-acre tract other than Santa Fe.

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

