

January 5, 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-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 unorthodox infill location within this 345.88-acre unit is hereby approved:

Jones Canyon "4" Federal Well No. 5
1699' FNL & 2576' FEL (Unit G) of Section 4.

That portion of Division Administrative Order NSL-3628 approving the non-standard location within the Indian Basin-Upper Pennsylvanian Associated Pool for the Jones Canyon "4" Federal Well No. 2 shall remain in full force and effect until further notice. However, Division Administrative Order NSL-3628 will be amended at this time to reflect a change in the acreage dedication for the Jones Canyon "4" Federal Well No. 2 from a standard lay-down 320-acre spacing and proration unit comprising the S/2 of Section 4 to the above-described 345.88-acre stand-up unit, which is the subject of this order.

Also, Santa Fe is hereby authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from its existing Jones Canyon "4" Federal Well No. 2 with its proposed Jones Canyon "4" Federal Well No. 5. Furthermore, Santa Fe is permitted to produce the allowable assigned the subject 345.88-acre spacing and proration unit from both wells in any proportion.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management – Carlsbad
File: NSL-3628