

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

April 22, 1988

RECEIVED

APR 25 '88

Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

O. C. L.
ARTESIA, OFFICE

Attention: Mr. Roy Johnson

Re: Rule 107 Exception
Sterling Silver 3 Fed No. 1
E-3-24S-31E

Dear Mr. Johnson:

Santa Fe Energy requests administrative exception to Rule 107 for the subject well. Rule 107(c)(3) states the tubing shall be not more than 250' above the top perforation. We are in violation of this rule because our tubing is set at 14,323', and the present top perforation is at 14,719'. We set our tubing at 14,323' in order to thru tubing perforate zone 14,401-07'. We intended to perforate and test zone 14,719-59', and then add additional zones until the Morrow interval proved commercial. Zone 14,719-59' proved commercial and we have postponed adding additional zones.

If an exception is not granted, we would either have to perforate a zone that we do not want to complete in at this time, or we would have to move the packer which would cause packer fluid being dumped on existing perforations.

Both procedures are costly and have potential to damage the productivity of our present zone. Therefore, we ask for an exception to Rule 107 on the basis of preventing waste of reserves.

Sincerely,

SANTA FE ENERGY OPERATING PARTNERS, LP
By Santa Fe Pacific Exploration Company
as Managing General Partner

By Patrick J. Gaume
Patrick J. Gaume
Sr. Production Engineer

dw-634

cc: Mike Williams
OCD - Artesia
Billie Hood

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