



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 15, 1998

Santa Fe Energy Resources, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504-1056

Administrative Order NSL-4150

Dear Mr. Bruce:

Reference is made to your application dated October 8, 1998 on behalf of the operator, Santa Fe Energy Resources, Inc. ("Santa Fe"), for an unorthodox oil well location in the Undesignated Maljamar-Devonian Pool for their proposed Maljamar "15" Federal Well No. 1 to be drilled 1310 feet from the North and East lines (Unit A) of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. The NE/4 NE/4 of Section 15 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for this pool.

It is our understanding from the information provided in the subject application that this productive interval underlying the 160-acre area comprising the NE/4 of Section 15 is subject to a single Federal lease (U. S. Government Lease No. NM-031572) in which Santa Fe is the designated operator; therefore, there are no effected offsets to the subject 40-acre tract other than Santa Fe.

Further, the geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the NE/4 of Section 15.

The subject application has been duly filed under the provisions of Division General Rule 104.F.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad