



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

November 26, 1996

Santa Fe Energy Resources, Inc.
c/o Hinkle, Cox, Eaton, Coffield & Hensley, L.L.P.
P. O. Box 2068
Santa Fe, New Mexico 87504-8623
Attention: James Bruce

Administrative Order NSL-3740

Dear Mr. Bruce:

Reference is made to your application dated July 15, 1996 on behalf of the operator Santa Fe Energy Resources, Inc. for a non-standard oil well location for the proposed Grassland "27" Well No. 1 to be drilled 1243 feet from the South line and 353 feet from the East line (Unit P) of Section 27, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico.

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 proposed standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of said Section 27.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

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,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over a large, stylized circular flourish.

William J. LeMay
Director
WJL/MES/kv

cc: Oil Conservation Division - Hobbs