

C/SF

UNCLASIFIED NM 88210-2834
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN FEB 12 8 29 AM '96

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Santa Fe Energy Resources, Inc. 20305

3. ADDRESS AND TELEPHONE NO.
 550 W. Texas, Suite 1330; Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any special requirements.)
 At surface (I) 1980' FSL & 990' FEL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 4 miles East of Loving, New Mexico

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330 X'
 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1004'

16. NO. OF ACRES TO THIS WELL 240
 17. NO. OF ACRES ASSIGNED TO THIS WELL 40

10. PROPOSED DEPTH 6700'
 20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3003' GR

22. APPROX. DATE WORK WILL START*
 March 25, 1996

RECEIVED

APR 03 1996

OIL CON. DIV.

5. LEASE DESIGNATION AND SERIAL NO.
 NM-0542015 NM 32636

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 H. F. "12" Federal #3 17189

9. API WELL NO.
 30-015-28928

10. FIELD AND POOL, OR WILDCAT
 Herradura Bend; Delaware, East 30670

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 12, T-23-S, R-28-E

12. COUNTY OR PARISH Eddy
 13. STATE New Mexico

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	J-55 8 5/8"	24.0	550'	225 sx to circulate
7 7/8"	K-55 5 1/2"	15.5	6700'	1050 sx to circulate

We propose to drill to a depth sufficient to test the Delaware formation for oil. If productive, 5 1/2" casing will be run to TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Manifold
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location
- Exhibit F - Map Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan

Post ID-1
4-12-96
New Log & API

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond BLM Bond File No.: MT 0750

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED James P. Phil Stinson TITLE Agent for Santa Fe Energy DATE 2-9-96

(This space for Federal or State office use)
 Approval Subject to General Requirements and Special Stipulations Attached

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY (ORIG. SGD.) RICHARD L. MANUS TITLE AREA MANAGER DATE APR 01 1996

*See Instructions On Reverse Side

DISTRICT I
P. O. Box 1980
Hcbbbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94

Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

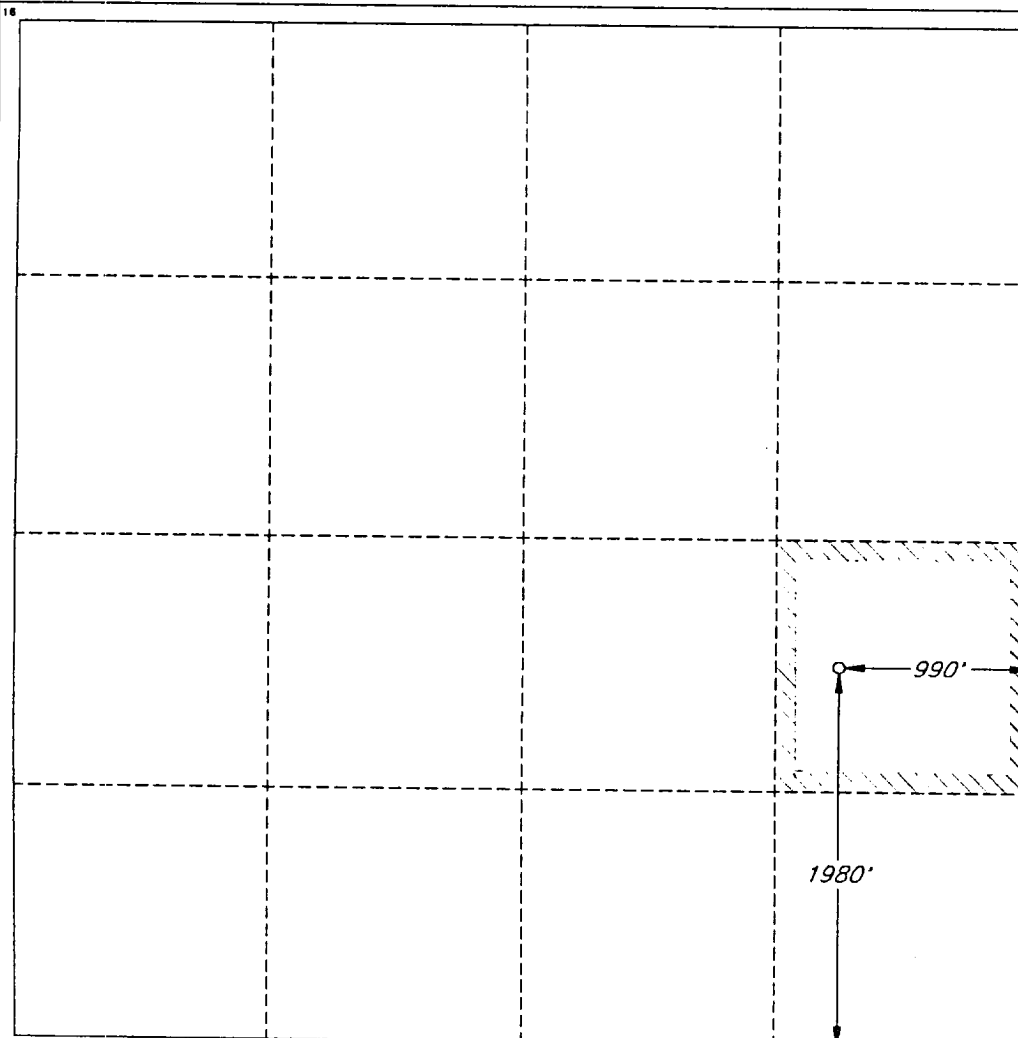
AMENDED REPORT

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-28928		² Pool Code 30670		³ Pool Name Herradura Bend; Delaware, East Galebra Bluff South Delaware					
⁴ Property Code		⁵ Property Name H. F. "12" FEDERAL					⁶ Well Number 3		
⁷ OGRID No.		⁸ Operator Name SANTA FE ENERGY RESOURCES, INC.					⁹ Elevation 3003'		
¹⁰ SURFACE LOCATION									
UL or lot no. I	Section 12	Township 23 SOUTH	Range 28 EAST, N.M.P.M.	Lot Ida	Feet from the 1980'	North/South line SOUTH	Feet from the 990'	East/West line EAST	County EDDY
¹¹ BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James P. Phil Stinson*
Printed Name: James P. "Phil" Stinson
Title: Agent for Santa Fe Energy
Date:

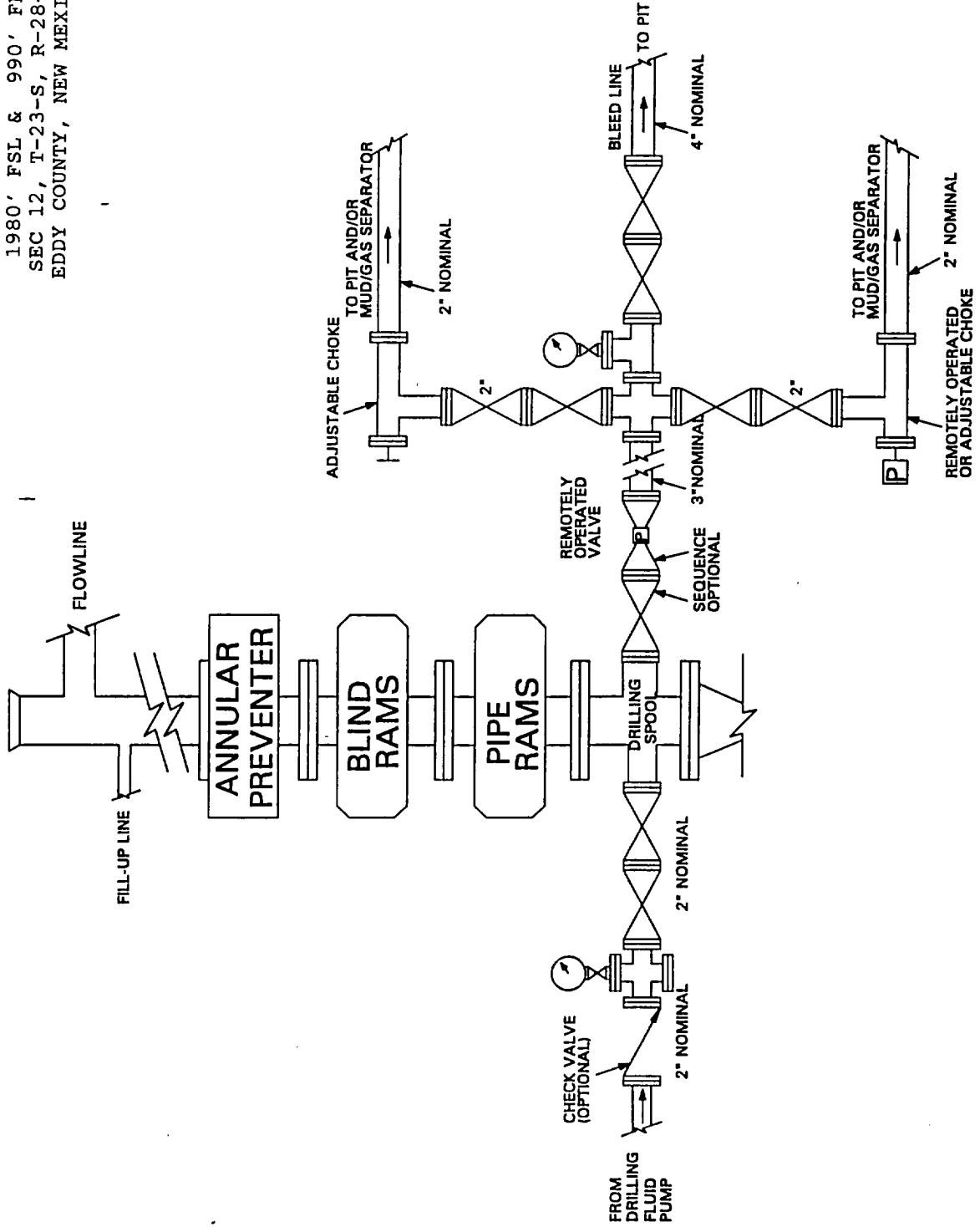
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: JANUARY 28, 1986

Signature: *V. Lynn Bezner*
Professional Surveyor
Date of Survey: JANUARY 28, 1986
State of New Mexico
V. LYNN BEZNER
NO. 7920
Certification: V. L. BEZNER R.P.S. #7920
JOB #43441-2 / 49 SE / JSJ

EXHIBIT B
 SANTA FE ENERGY RESOURCES, INC.
 H. F. "12" FED NO. 3
 1980' FSL & 990' FEL
 SEC 12, T-23-S, R-28-E
 EDDY COUNTY, NEW MEXICO



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
NM-0542015

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

H. F. "12" Federal #3

9. API Well No.

10. Field and Pool, or Exploratory Area

Culebra Bluff South Delaware

11. County or Parish, State

Eddy, New Mexico

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Santa Fe Energy Resources, Inc.

3. Address and Telephone No.

550 W. Texas, Suite 1330; Midland, Texas 79701 (915) 682-6373

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

(I) 1980' FSL & 990' FEL Sec. 12, T-23-S, R-28-E

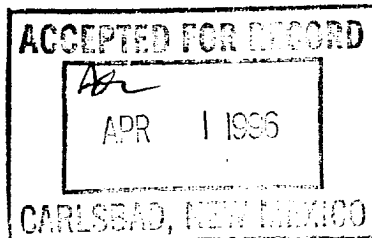
12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Other _____	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Per your request please find attached the Private Surface Owner's Agreement.



14. I hereby certify that the foregoing is true and correct

Signed James P. Phil Stinson

Title Agent for Santa Fe Energy

Date 3-28-96

(This space for Federal or State office use)

Approved by _____

Title _____

Date _____

Conditions of approval, if any:

Post-It™ brand		transmittal memo 7671	# of pages > 3
To	Phil Stinson		From Rex W
Co.			Co.
Dept.			Phone #
Fax #			Fax #

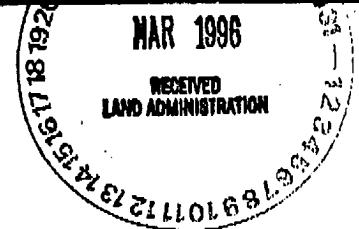


March 12, 1996

Santa Fe Energy Resources
 1616 South Voss, Suite 1000
 Houston, Texas 77087

Attention: Mr. Rex Wedgeworth

RE: HF "12" Fed Com #2,3 & 4 Wells
 E/2 Sec 12/T23S/R28E
 Eddy County, NM



Gentlemen:

We received your letter dated March 6, 1996, stating your intentions to drill the above three wells located in the E/2 of Section 12, T23S-R28E in Eddy County, New Mexico, as soon as you receive your permit from BLM. In accordance with our agreement, Mississippi Potash, Inc. will not offer any objection to these wells being drilled.

Sincerely,

Randy Foote
 General Manager
 Mississippi Potash, Inc.

RF:jaf



Santa Fe Energy Resources, Inc.

March 6, 1996

Mr. Randy Foote
Mississippi Potash Company
P O Box 101
Carlsbad, NM 88220

RE: HF "12" Fed Com #2, 3 & 4 Wells
E/2 Sec 12/T23S/R28E
Eddy County, NM

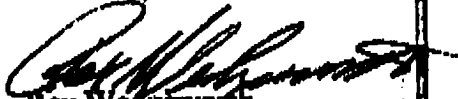
Dear Mr. Foote:

We are planning to drill the above ~~two~~^{three} wells as soon as we receive our permit from the BLM. As soon as it is received and before we start drilling we plan, as before, to send \$3,500.00 for each well site and road.

As in the past please sign below that this is acceptable to you and fax this signed letter back to me at (713) 507 5584. Thanks for your continued cooperation.

Please call if you have any questions at 1 800 733 9697 Ext 5574.

Sincerely,


Rex Wedgeworth
Manager Claims and Rights of Way

RW:rw

Mr. Randy Foote