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November 20, 1997

Via Fax

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

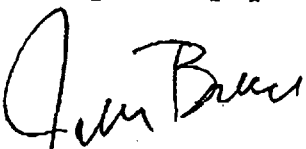
Re: Application of Santa Fe Energy Resources, Inc. ("Santa Fe") for administrative approval of two unorthodox gas well locations for the following well:

Topaz "19" Fed. Com. Well No. 1
Surface Location: 660 feet FSL & 2084 feet FWL
W½ S19, Township 20 South, Range 34 East, NMPM
Lea County, New Mexico

Dear Mr. Stogner:

Your letter of November 12, 1997 (attached) arrived today. Santa Fe asks that you not dismiss the administrative application. The hearing on this well, set for December 4th, only requests compulsory pooling and a non-standard unit. Santa Fe did not request unorthodox location approval in the pooling application because the deadline to object to the administrative application had expired on October 16th, more than 3 weeks before the hearing application was filed. Santa Fe will present geological evidence at the hearing, including the need for the unorthodox location, but the case was not noticed for that purpose.

Very truly yours,



James Bruce

Attorney for Santa Fe
Energy Resources, Inc.



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87508
(505) 827-7131

November 12, 1997

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

Re: Application for administrative approval for two non-standard subsurface gas well locations for Santa Fe Energy Resources, Inc.'s Topez "19" Federal Com Well No. 1 (API No. 30-025-22564) in Unit "N" of Section 19, Township 20 South, Range 34 East, NMPM, Undesignated West Lynch-Morrow Gas Pool or Undesignated Quail Ridge-Morrow Gas Pool, Lea County, New Mexico.

Dear Mr. Bruce:

I am in receipt of your application for hearing on the subject well; therefore, your administrative application filed in September will be dismissed at this time.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
Kathy Valdes, NMOCD - Santa Fe