

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

Case 11888

November 10, 1997

Hand Delivered

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:

Regarding your letter of October 27, 1997: The above well and property are the same as those involved in Case 11296 and Order No. R-10387. The changes are as follows:

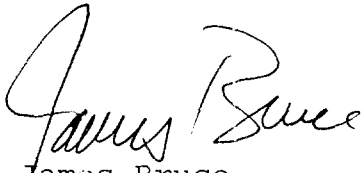
1. Santa Fe did not re-enter the well by September 1, 1995, as required by the order, and thus the compulsory pooling portion of the order lapsed, and is no longer effective. Santa Fe has filed a new pooling application, which is scheduled for the December 4, 1997 Examiner hearing.
2. The well being re-entered in the above application, the Cities Service Oil Company Government "N" Com. Well No. 1Y, is the same well which was the subject of Case 11296. The well will be re-designated the Topaz "19" Fed. Com. Well No. 1, instead of the Sinagua "19" Fed. Com. Well No. 2 as in Case 11296.
3. The directionally drilled bottomhole location has been changed: In Case 11296, the well was to be drilled due north, with a requested location 1060 feet from the South line and 2084 feet from the West line of the section.

The new proposal is to directionally drill in a west-northwesterly direction, to a point within 50 feet of a location 1100 feet from the South line and 660 feet from the West line of the section.

Because the bottomhole location has been changed, Santa Fe requests that Order No. R-10387 be revoked as to the unorthodox location aspect of the order.

If you need any further information, please call.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Santa Fe
Energy Resources, Inc.