



Santa Fe Energy Resources, Inc.

April 7, 1998

TO: Working Interest Owners
(See Attached List)

Re: Well Proposal and Farmout Request
Benson "24" Fed. COM #1 Well
1,980' FSL & 1,980' FWL
Section 24, T-18-S, R-30-E
Eddy County, New Mexico
Benson Prospect - SFER #NM-0937

Gentlemen:

Referencing my letter to you dated March 31, 1998 concerning the captioned well, enclosed is a copy of the Operating Agreement covering the W/2 of said Section 24. This Operating Agreement will govern joint operations if the captioned well is drilled on a 320 acre proration unit made up of the W/2 Section 24, T-18-S, R-30-E. We are continuing our efforts towards the formation of the 960 acre Working Interest Unit with Yates Petroleum Corporation as the Operator and will keep you advised.

Should the proposed Working Interest Unit not be formed, and you elect to participate in the drilling of the captioned well on this 320 acre W/2 proration unit basis, please execute and return to the undersigned one (1) signature page to the enclosed Operating Agreement.

Thank you for your consideration. If you have any questions, my direct number is (915) 686-6712.

Sincerely,

SANTA FE ENERGY RESOURCES, INC.

Steven J. Smith
Senior Staff Landman

WORKING INTEREST OWNERS
Benson "24" Fed. COM #1 Well
W/2 Section 24, T-18-S, R-30-E, N.M.P.M.
Eddy County, New Mexico

1. Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Mr. Robert Bullock
2. John A. Yates, Individually
and as Personal Representative of the
Estate of Peggy A. Yates, deceased
105 South Fourth Street
Artesia, New Mexico 88210
3. S. P. Yates and Estelle Yates, H/W
105 South Fourth Street
Artesia, New Mexico 88210
4. S. P. Yates,
Frank W. Yates, Jr. and
B. W. Harper,
Personal Representatives of the
Estate of Lillie M. Yates, deceased
105 South Fourth Street
Artesia, New Mexico 88210
5. Sharbro Oil Ltd. Co.
P. O. Box 840
Artesia, New Mexico 88211-0840
6. Cibola Energy Corporation
P. O. Box 1668
Albuquerque, New Mexico 87103
7. Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202-1933
8. Hanson Operating Company, Inc.
P. O. Box 1515
Roswell, New Mexico 88205-1515
ATTN: Mr. Carl A. Schellinger, Agent
9. Enron Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702-2267
ATTN: Mr. Patrick J. Tower
10. Roger T. Elliott &
Hollyhock Corporation
3907 Crestgate
Midland, Texas 79707
11. Todd M. Wilson &
Cannon Exploration Company
3608 S. County Rd. # 1184
Midland, Texas 79705
12. Rio Pecos Corporation
4501 Green Tree Blvd.
Midland, Texas 79707
13. Pathfinder Exploration Co.
500 N. Loraine, Suite 1070
Midland, Texas 79701
ATTN: Mr. Scott E. Wilson
14. TARA-JON Corp.
6003 Meadowview Lane
Midland, Texas 79707