

Notes

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Santa Fe Energy Resources, Inc.

APR 1 1997

VIA FACSIMILE & U.S. MAIL

Fax #684-4783

March 31, 1997

Mr. Robert E. Landreth
505 North Big Spring
Suite 507
Midland, Texas 79701

Re: **Gaucha Unit No. 2-Y Well**
S/2 Sec. 29, T-22-S, R-34-E
Lea County, New Mexico

Dear Mr. Landreth:

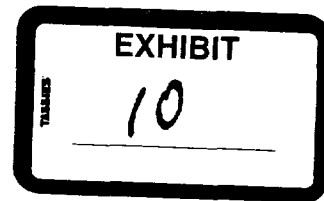
Pursuant to our telephone conversation concerning the Gaucha No. 2 Well, please be advised that while fishing for stuck drill pipe substantial circulation was lost in the hole. Efforts to restore circulation for further fishing operations were deemed inadvisable due to the hole condition. Santa Fe has therefore proceeded to abandon the initial hole and skid the rig 75 feet to the east in order to re-drill this well. The new well name will be the Gaucha Unit No. 2-Y Well and it will spud immediately.

Please indicate your concurrence to this abandonment and redrill by signing and returning one copy of this letter by **Fax #(915) 686-6714** within 48 hours. This redrill is proposed under the existing JOA and AFE.

For your information, current well ownership is as follows:

Santa Fe	45.3125%	(35.640625% NRI)
Southwestern	45.3125%	(35.640625% NRI)
Robert E. Landreth	9.375%	(7.21875% NRI)

Central Division
550 W. Texas, Suite 1330
Midland, Texas 79701
915/687-3551



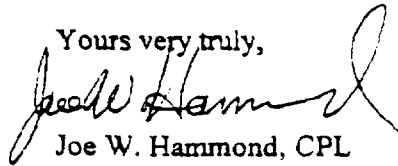
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Should you have any further questions, please do not hesitate to call.

Yours very truly,



Joe W. Hammond, CPL
Senior Landman

JWH/efw

This abandonment and redrill is

AGREED TO AND ACCEPTED

this 1st day of April, 1997.

By:



Robert E. Landreth

EWOR1753