



Santa Fe Energy Resources, Inc.

VIA FAX AND REGULAR MAIL

(915) 684-4783

August 28, 1998

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

Re: Proposed 13,700' Morrow Test
Rio Blanco "4" Fed COM #1 Well
1980' FNL & 1980' FWL
Section 4, T-23-S, R-34-E
Lea County, New Mexico
RIO BLANCO PROSPECT - NM0964

Dear Mr. Landreth:

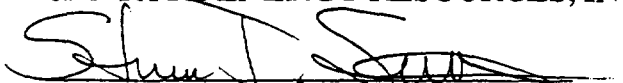
Reference is made to my letter to you of July 14th, our telephone conversations of August 4th and 19th, as well as your letter of August 20th, all concerning the captioned. Santa Fe Energy Resources, Inc. (Santa Fe) remains willing to farmin your operating rights in Section 4 as outlined in the July 14th letter. The farmout terms you have counter-proposed (farming out only a portion of your interest, delivering a 75% NRI with a 30% back-in at payout, and converting only a portion of your override for the back-in) are, in our opinion, excessive considering the risks associated with this well. As previously stated, Hunt Oil Company has already granted Santa Fe a farmout for this well based upon the same general terms outlined in the July 14th letter. Additionally, First Roswell Company has agreed to grant Santa Fe a two year term assignment covering the S/2 NW/4 of Section 4 for \$150.00 per net acre delivering a 77% NRI.

In an effort to work with you, Santa Fe would be willing, and hereby offers you, the opportunity to participate in the captioned well for one-fourth of your interest and farmout the remaining three-fourths under the general terms outlined in the July 14th letter. As an alternative, we would be willing to take a two year term assignment of your interest in all of Section 4 under the same terms granted by First Roswell Company.

Your earliest response to this counter-proposal will be appreciated.

Sincerely,

SANTA FE ENERGY RESOURCES, INC.


Steven J. Smith
Senior Staff Landman

riand007.doc

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

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12043 Exhibit No. **6**
Submitted By:
Santa Fe Energy Resources
Hearing Date: September 17, 1998

Time : AUG-28-98 09:09
Fax number: 9156866714
Name : SANTA FE ENERGY RESOURCES

Job : 686
Date : AUG-28 09:08
To : 96844783
Doc. pages : 01
Start time : AUG-28 09:08
End time : AUG-28 09:09
Pages sent : 01
Job:686

*** SEND SUCCESSFUL ***



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