

KAISER-FRANCIS OIL COMPANY

10000 W. 10TH AVENUE, SUITE 1000, DENVER, CO 80202

January 28, 1999

Fax to: 505-827-1389

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

FEB 1 1999

12131

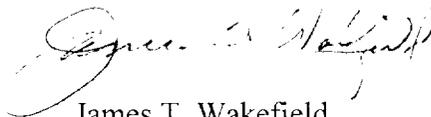
RE: Santa Fe Energy Resources, Inc.
Application for Administrative Approval
Rio Blanco "4" Fed. Com Well No. 2
660' FSL & FWL
Section 4-T23S-R34E, NMPM
Lea County, New Mexico

Dear Mr. Stogner:

Kaiser-Francis Oil Company (Kaiser) owns a significant working interest in the North Bell Lake Unit operated by Conoco that offsets Santa Fe Energy Resources, Inc.'s (Santa Fe) proposed location exception in Section 4. Kaiser, upon review of this application, announces our opposition to the approval of this application by the New Mexico Oil Conservation Division. This location is an attempt to "corner shoot" reserves which underlie the North Bell Lake Unit and, therefore, the application should be denied. Please advise when this application will be scheduled for a formal hearing.

Very truly yours,

KAISER-FRANCIS OIL COMPANY



James T. Wakefield

JTW:llr

cc: Wayne Fields