



Santa Fe Energy Resources, Inc.

MAR - 5 1999

March 3, 1999

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

Re: Chi Energy Inc.'s
Application for Administrative Approval
Unorthodox Gas Well Location
Greenstone Fed. Com. Well No. 1
480 feet FSL & 1650 feet FEL
E/2 Section 19-20S-34E NMPM
Lea County, New Mexico
SFERI's Topaz Prospect NM-0319

Dear Mr. Stogner:

Santa Fe Energy Resources, Inc (Santa Fe) owns a significant working interest in the Santa Fe operated Topaz 30 Fed #1, and the Topaz 19 Fed Com #1 offsetting the proposed unorthodox location referenced above. Santa Fe believes the referenced unorthodox location is an effort to drain reserves underlying Santa Fe's leasehold causing waste and thus should be denied. Please advise when this application will be scheduled for a formal hearing.

Sincerely,

SANTA FE ENERGY RESOURCES, INC.

Steven J. Smith
Senior Staff Landman

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