

**Santa Fe Snyder Corporation**

HAND DELIVERED

November 15, 1999

BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

ATTN.: Mr. C. Robert Crawford

Re: Well Proposal  
Paloma Blanco "18" Fed COM #1  
660' FSL & 660' FEL  
Section 18, T-23-S, R-34-E  
Lea County, New Mexico  
PALOMA BLANCO PROSPECT  
Contract # NM-0415

Gentlemen:

Santa Fe Snyder Corporation ("Santa Fe") hereby proposes to drill a 13,700 foot Morrow test at a location 660' FSL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico. Enclosed are duplicate AFE Well Cost Estimates for this well. I will be sending you the Operating Agreement Santa Fe proposes to govern operations in this well within the next few days.

Should the proposed well be successfully completed in the Morrow formation, we would orient the proration unit to cover the E/2 of said Section 18. Based upon the limited title information in our files, BTA Oil Producers ("BTA") appears to own an approximate 33.33% working interest in the leases and lands included within the anticipated proration unit.

Santa Fe respectfully requests that BTA support this exploration effort by agreeing to either participate for its proportionate interest in the well, or, in the alternative, by agreeing to either farmout or sell its interest in the S/2 of Section 18 based upon mutually agreeable terms.

Should you choose to participate in the proposed well, please execute and return one copy of this letter and one of the enclosed AFE Well Cost Estimates. Please also provide your geological information requirements and the names of personnel to receive reports.

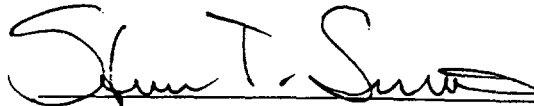
Central Division  
550 W. Texas, Suite 1330  
Midland, Texas 79701  
915/687-3551

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION SF Snyder EXHIBIT NO. 4 CASE NO. 12449
--

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

Sincerely,

**SANTA FE SNYDER CORPORATION**



Steven J. Smith  
Senior Staff Landman

BTA Oil Producers hereby elects to **PARTICIPATE** in the Paloma Blanco "18" Fed COM #1 Well as hereinabove proposed.

**BTA OIL PRODUCERS**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



## SANTA FE ENERGY RESOURCES INC.

## GENERALIZED WELL COST ESTIMATE

WELL NAME Paloma Blanco 18 Fed. Com No. 1  
LOCATION Sec. 18, T23S, R34E  
DESCRIPTION Drill and Complete a 13,700' Morrow Gas Well

ACCOUNT	DESCRIPTION OF COSTS		DRY HOLE	PRODUCER
501- 000	TANGIBLE WELL COSTS			
501- 041	Conductor Csg	20" Conductor @ 40'	3,000	3,000
501- 041	Surface Csg	13-3/8" 48.0 ppf H-40 ST&C @ 650'	10,673	10,673
501- 041	Protection Csg	9-5/8" 40.0 ppf K-55 ST&C @ 5,000'	61,200	61,200
501- 041	Intermediate Csg	7" 26.0 ppf S-95 & P-110 LT&C @ 11,800'	135,700	135,700
501- 041	Prod Csg			
501- 041	Prod Liner	4-1/2" 13.50 ppf S-95 LT&C 11,600'-14,000'		15,696
501- 042	Tubing	2-3/8" 4.7 ppf P-105 AB-Mod EUE @ 13,700'		40,740
501- 043	Wellhead		5,000	20,000
501- 044	Pmpg Unit			
501- 045	Prime Mover			
501- 050	Other Dwn Hole Equip	Liner Top Packer & Hanger		15,000
501- 050	Rods			
501- 050	Subsurface Pmps			
501- 055	Csg Equip		4,000	6,000
501- 055	Electrical			
501- 055	Misc. Tangibles			
501- 055	Rod Equip			
501- 055	Tubing Equip			3,500
	TOTAL TANGIBLE COSTS		219,573	311,509
541- 000	LEASE FACILITY COSTS			
541- 050	Flowlines			20,000
541- 050	Labor			20,000
541- 050	Other Prod Equip	GPU & Dehyd Unit		40,000
541- 050	Tank Facilities	2 Steel & 1 Fiberglass Tank w/ walkway		12,000
	TOTAL LEASE FACILITY COSTS		-	92,000
511- 000	INTANGIBLE WELL COSTS			
511- 021	Location	Dirt Work & Damages Payment	40,000	40,000
511- 022	Fencing		2,000	2,000
511- 026	Drilling Water		35,000	35,000
511- 031	Contractor Moving Exp		27,000	27,000
511- 032	Cont Footage or Turnkey			
511- 032	Contractor Daywork	56 DAYS @ \$6000/D	336,000	336,000
511- 033	Drlg Fluid & Additives		60,000	60,000
511- 034	Bits & Reamers		60,000	60,000
511- 036	Coring & Core Analyses			
511- 037	Cement		48,000	54,000
511- 039	Inspection & Tstg of Tang		10,000	10,000
511- 041	Directional Drlg Surveys			
511- 042	Drilling Equip Rental		40,000	40,000
511- 043	Open Hole Logging		45,000	45,000
511- 044	Drill Stem Tstg			
511- 045	Mud Logging	\$550/d X 35 days	19,250	19,250
511- 051	Transportation		6,100	6,100
511- 052	Completion Unit	8 days X \$1200/day		9,600
511- 053	Completion Tool Rental			4,500
511- 054	Cased Hole Logs & Perfing			14,000
511- 055	Stimulation			20,000
511- 056	Rigsite Supervision	56 + 10 X \$550/day	30,800	36,300
511- 072	Administrative Overhead		10,000	15,000
511- 099	Fishing Tools & Exp			
511- 099	Testing: BHP, GOR, 4 Pt Pot			10,000
	Abandonment Cost		30,000	
	Other Intangibles	Rig Fuel at \$600/day X 56 days	33,600	33,600
0.1	Contingency (10%)		83,275	87,735
	TOTAL INTANGIBLES		916,025	965,085
	TOTAL COSTS		1,135,598	1,368,594

OPERATION DEPT APPROVAL (Initials)

APPROVAL DATE MRB 9/1/99

SFER APPROVAL

APPROVAL DATE

M/R Ric 10/11/99

ENGINEERING DEPT APPROVAL (Initials)

APPROVAL DATE

WRA CSL

NON-OPERATOR APPROVAL

APPROVAL DATE