



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
 NEW MEXICO STATE OFFICE
 Post Office and Federal Building
 P.O. Box 1449
 Santa Fe, New Mexico 87504-1449

APR 27 1990

Mr. Tommy Folsom
 Santa Fe Energy Resources
 P.O. Box 2327
 Carlsbad, NM 88220

Dear Mr. Folsom:

The Bureau of Land Management (BLM) New Mexico is happy to recognize Santa Fe Energy Resources, as the recipient of the Annual Environmental Initiatives Award for southeastern New Mexico.

Santa Fe Energy Resources operates 31 producing leases and communitization agreements in Lea and Eddy Counties. Your locations are clean, neat and almost always in full compliance with BLM regulations, orders, and NTL's. A typical production facility is fenced, painted, signed, and free of trash and oil spills, but compliance to the regulations goes much further than appearances. All of the drilling operations, pipelines, roads, production facilities, etc., are designed, built, and operated with an air of professionalism and high ethic. All of your field personnel really do want to do a better job. They choose to do what is best for Santa Fe Energy.

Instances of noncompliance are issued to Santa Fe Energy just like every other operator, but they are few in number and almost always minor in nature. Santa Fe takes a positive attitude in actually wanting to know the regulations so they can comply . . . this single point is probably most responsible for your being honored as the best operator in the Roswell District for 1990.

Sincerely,

Larry L. Woodard
 State Director

9787
 9832
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 SF Energy
 5/24/90

SANTA FE ENERGY RESOURCES, INC.

GENERALIZED WELL COST ESTIMATE

NAME: Escalante Fed Com 20 No. 1

LOC: 2000' FNL & 2250' FWL, Section 20-17S-29E, Eddy County, New Mexico

DESC: Drill and complete a 10,900' Morrow well

ACCOUNT	DESCRIPTION OF COSTS		DRY HOLE	PRODUCER
501-000	TANGIBLE WELL COSTS			
-41	CONDUCTOR CSG		3,500	3,500
-41	SURFACE CSG	13-3/8" 48.0 ppf N-40 ST&C @ 500'	11,500	11,500
-41	PROTECTION CSG	8-5/8" 24.0 ppg K-55 ST&C @ 2300'	27,300	27,300
-41	DRILLING LINER			
-41	PROD CSG	5-1/2" 17.0 LT&C @ 10,900'		108,565
-41	PROD LINER			
-42	TUBING	2-3/8" 4.7 ppf N-80 EUE @ 10,900'		41,000
-43	WELLHEAD		1,500	18,000
-44	PMPG UNIT			
-45	PRIME MOVER			
-50	OTHER DWN HOLE EQUIP			6,000
-50	RODS			
-50	SUBSURFACE PMPS			
-55	CSG EQUIP		500	1,000
-55	ELECTRICAL			
-55	MISC. TANGIBLES			
-55	ROD EQUIP			
-55	TUBING EQUIP			1,000
	TOTAL TANGIBLE COSTS		44,300	217,865
541-000	LEASE FACILITY COSTS			
-50	FLOW LINES			5,000
-50	LABOR			10,000
-50	OTHER PROD EQUIP			10,000
-50	TANK FACILITIES			15,000
	TOTAL LEASE FACILITY COSTS		0	40,000
511-000	INTANGIBLE WELL COSTS			
-21	LOCATION		75,000	75,000
-22	FENCING		1,000	1,000
-26	WTR & FUEL FOR RIG			
-31	CONTRACTOR MOVING EXP		25,000	25,000
-32	CONT FOOTAGE OR TURNKEY			
-32	CONTRACTOR DAY WORK		180,000	180,000
-33	DRLG FLUID & ADDITIVES		52,500	52,500
-34	BITS & REAMERS		37,300	37,300
-36	CORING & CORE ANALYSES			
-37	CEMENT		21,000	41,000
-39	INSPECTION & YSTG OF TANG		2,000	4,000
-41	DIRECTIONAL DRLG SURVEYS			
-42	DRILLING EQUIP RENTAL		9,200	9,200
-43	OPEN HOLE LOGGING		20,000	20,000
-44	DRILL STEM TSTG		10,000	10,000
-45	MUD LOGGING		12,250	12,250
-51	TRANSPORTATION		5,000	10,000
-52	COMPLETION UNIT			10,800
-53	COMPLETION TOOL RENTAL			9,000
-54	CASED HOLE LOGS & PERFING			8,000
-55	STIMULATION			10,000
-56	RIG SITE SUPERVISION		14,000	18,000
-72	ADMINISTRATIVE OVERHEAD		9,810	9,810
-99	FSHG TOOLS & EXPENSES			
-99	TESTING: BHP, GOR, 4 PT. POT			5,000
	ABANDONMENT COST		15,000	
	OTHER INTANGIBLES			
0	CONTINGENCY (10%)		48,906	54,786
	TOTAL INTANGIBLES		537,966	602,646
	TOTAL COSTS		582,266	860,511

Santa Fe Energy
 5/24/90
 4747
 4837

Drilling Dept: Michael R. Burt

Operations Dept: Thomas A. Denton

Date: 4-6-90

Date: 4-6-90

24 Aug-89

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SANTA FE ENERGY COMPANY
GENERALIZED WELL COST ESTIMATE

NAME: Escalante Fed Com 20 No. 1
LOC: 1980' FEL & 660' FNL, Section 20-23S-25E, Eddy County, New Mexico
DESC: Drill and complete a ~~10,900'~~ ^{11,100'} Morrow Well

ACCOUNT	DESCRIPTION OF COSTS	DRY HOLE	PRODUCER
501-000	TANGIBLE WELL COSTS		
-41	CONDUCTOR CSG	3,000	3,000
-41	SURFACE CSG	11,500	11,500
-41	PROTECTION CSG		27,300
-41	DRILLING LINER		
-41	PROD CSG		108,565
-41	PROD LINER		
-42	TUBING		40,875
-43	WELLHEAD	5,000	26,000
-44	PMPG UNIT		
-45	PRIME MOVER		
-50	OTHER DWN HOLE EQUIP		4,000
-50	RODS		
-50	SUBSURFACE PMPS		
-55	CSG EQUIP	500	1,000
-55	ELECTRICAL		
-55	MISC. TANGIBLES		
-55	ROD EQUIP		
-55	TUBING EQUIP		
	TOTAL TANGIBLE COSTS	20,000	222,240
541-000	LEASE FACILITY COSTS		
-50	FLOW LINES		6,500
-50	LABOR		14,000
-50	OTHER PROD EQUIP		20,000
-50	TANK FACILITIES		6,500
	TOTAL LEASE FACILITY COSTS	0	47,000
511-000	INTANGIBLE WELL COSTS		
-21	LOCATION	20,000	20,000
-22	FENCING	1,000	1,000
-26	WTR & FUEL FOR RIG		
-31	CONTRACTOR MOVING EXP	25,000	25,000
-32	CONT FOOTAGE OR TURNKEY		
-32	CONTRACTOR DAY WORK	180,000	180,000
-33	DRLC FLUID & ADDITIVES	52,500	52,500
-34	BITS & REAMERS	37,300	37,300
-36	CORING & CORE ANALYSES		
-37	CEMENT	21,000	41,000
-39	INSPECTION & TSTG OF TANG	2,000	3,000
-41	DIRECTIONAL DRLC SURVEYS		
-42	DRILLING EQUIP RENTAL	9,200	9,200
-43	OPEN HOLE LOGGING	15,000	15,000
-44	DRILL STEM TSTG	10,000	10,000
-45	MUD LOGGING	12,250	12,250
-51	TRANSPORTATION	5,000	10,000
-52	COMPLETION UNIT		6,000
-53	COMPLETION TOOL RENTAL		10,000
-54	CASED HOLE LOGS & PERFING		5,000
-55	STIMULATION		30,000
-56	RIG SITE SUPERVISION	14,000	17,500
-72	ADMINISTRATIVE OVERHEAD	9,810	9,810
-99	FSHG TOOLS & EXPENSES		
-99	TESTING: BHP, COR, 4 PT. POT		5,000
	ABANDONMENT COST	15,000	
	OTHER INTANGIBLES		
0:	CONTINGENCY (10%)	42,906	49,956
	TOTAL INTANGIBLES	471,966	549,516
	TOTAL COSTS	491,966	818,756

RETURN TO: SANTA FE ENERGY COMPANY
 6000 W. CENTRAL AVENUE, SUITE 100
 DENVER, COLORADO 80202
 SEE APPENDIX 5
 Case No. 9997

Drilling Dept: Michael R. Bruster

Date: 8/24/89

Operations Dept: Thomas T. Tipton

Date: 8-24-89

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

April 16, 1990

Exxon Company, U.S.A.
P. O. Box 1600
Midland, Texas 79702-1600

Attn: Joe B. Thomas

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. 9832	Exhibit No. 5
Submitted by SFE Energy	
Hearing Date 5/24/90	

Re: Escalante 20 Fed Com #1
Section 20, T-23-S, R-25-E
Eddy County, New Mexico
OD-NM-617,282

Gentlemen:

Reference is made to the Order issued by the NMOCD on cases 9832 and 9797 whereby Santa Fe Energy Operating Partners, L.P. (Santa Fe) was authorized to drill the referenced Well with Exxon joining or not joining with a penalty as set. I am enclosing two (2) revised Cost Estimate for the Well for your review and signature should you decide to join. It is our intent to go by the order which allows a 640 acre spacing, being all of the Section, or on a 320 acre spacing, being the north half (N/2) of the Section.

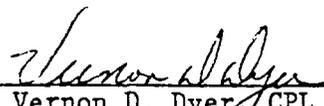
As stated in our original proposal letter of August 25, 1990, Santa Fe would request a F/O should you not wish to accept our invitation to join in the drilling of this Well. Santa Fe would be receptive to receiving a F/O with a 75% NRI, with Exxon having the option at Payout to convert the ORRI it reserves to a 25% WI proportionately reduced.

Please advise Santa Fe of your acceptance of our invitation to join a Farmout under terms stated above within the time allocated by the Order.

Should you have any questions, please feel free to contact me.

Yours very truly,

SANTA FE ENERGY OPERATING PARTNERS, L.P.
By: Santa Fe Pacific Exploration Company,
Managing General Partner

By: 
Vernon D. Dyer, CPL #3174
District Landman

VDD

Permian Basin District
500 W. Illinois
Suite 500
Midland, Texas 79701
915 687-3551

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An Affiliate of Santa Fe Southern Pacific Corporation