

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

CERTIFIED MAIL - RETURN RECEIPT

January 5, 1990

Amoco Production Company
P.O. Box 3092
Houston, Texas 77253

ATTN: Tim Custer

Re: OD-NM-617,202
Central Battery
Sharpshooter "2" State #1
Sharpshooter "2" State #2
Sharpshooter "2" State #3
Lea County, New Mexico
Swat Prospect

Gentlemen:

Santa Fe Energy Operating Partners, L.P. (SFEOP) plans to submit an application for administrative approval to the New Mexico Oil Conservation Division (OCD) seeking an exception to Rule 309-A to permit the commingling of production into a central battery for the three (3) referenced wells. Currently SFEOP has a central battery set up for the Sharpshooter "2" State #1 Well. It would be Santa Fe's plan to lay flow lines from the No. 2 and 3 wells into the No. 1 battery. Estimates would entail \$15,000.00 for flow lines, \$15,000.00 for a metering three phase separator, and possibly another \$15,000.00 for another heater treater. Savings would be \$99,000.00 to \$114,000.00. In addition we would also save an approximate \$2,400.00 per well per year in pumper costs, due to increased efficiency of the lease. SFEOP spent \$72,165.00 to build the battery in the Sharpshooter "2" #1. Allocation of well production and subsequent revenues would be based on total battery production and periodic well tests each month. The same field test unit would measure the oil, water, and gas production from each well, thus allowing for minimal error in measurement.

As can be seen, by centralizing into the No. 1 Battery all parties involved will reduce their expenses and thus help expedite the payout of these wells. All interests, including the State of New Mexico's royalty is uniform in all three wells. The only difference being that Amoco has a payout on the #2 and #3, with their ORRI convertible to a 3.125% WI After Payout.

In this regard, it is requested that you consent to the commingling of production by signing this letter in the space provided below and returning the original to the undersigned. As Santa Fe currently has temporary

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

BEFORE EXAMINER STOGNER

Oil Conservation Division

Santa Fe Exhibit No. 3A

Case No. 9923

FEBRUARY 8, 1990
RULE 309-A EXCEPTION
STATE LEASE NO. LC-6977
ATTACHMENT 6 OF 10
Page 1 of 2

Page 2
Amoco Production Company
January 5, 1990

facilities in place, your immediate approval is most appreciated.

Should you have any questions, please feel free to call myself or Pat Gaume (Engineer) at the below listed number.

Sincerely yours,

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

By: *Patrick J. Tower*
Patrick J. Tower, Senior Landman

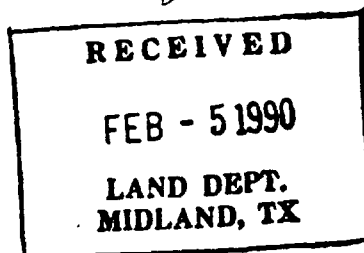
PJT/efw

AGREED TO AND ACCEPTED
this 31 day of January, 1990.

AMOCO PRODUCTION COMPANY

By: *Tim R. Guster*

Title: LANDMAN



RETURN THIS COPY TO
SANTA FE ENERGY OPERATING PARTNERS, L.P.

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

CERTIFIED MAIL - RETURN RECEIPT

January 5, 1990

Mitchell Energy Corporation
Independence Plaza
400 West Illinois, Suite 1000
Midland, Texas 79701

ATTN: Larry Cunningham

Re: OD-NM-617,270
Central Battery
Sharpshooter "2" State #1
Sharpshooter "2" State #2
Sharpshooter "2" State #3
Lea County, New Mexico
Swat Prospect

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

An Affiliate of Santa Fe Southern Pacific Corporation

BEFORE EXAMINER STOGNER

Oil Conservation Division

Santa Fe Exhibit No. 313

Case No. 9923

FEBRUARY 8, 1990
RULE 309-A EXCEPTION
STATE LEASE NO. LC-6977
ATTACHMENT 7 OF 10
Page 1 of 2

Page 2
Mitchell Energy Corporation
January 5, 1990

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

By: Patrick J. Tower
Patrick J. Tower, Senior Landman

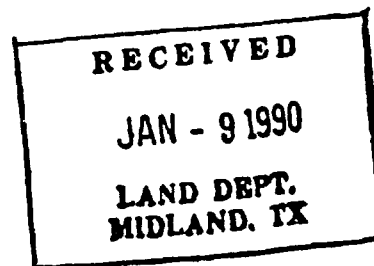
PJT/efw

AGREED TO AND ACCEPTED
this 8 day of January, 1990.

MITCHELL ENERGY CORPORATION

By: E. R. Earley

Title: DIST - Prod. mgr.



RETURN THIS COPY TO
SANTA FE ENERGY OPERATING PARTNERS, L.P.

EFW834-1

FEBRUARY 8, 1990
RULE 309-A EXCEPTION
STATE LEASE NO. LC-6977
ATTACHMENT 7 OF 10
Page 2 of 2