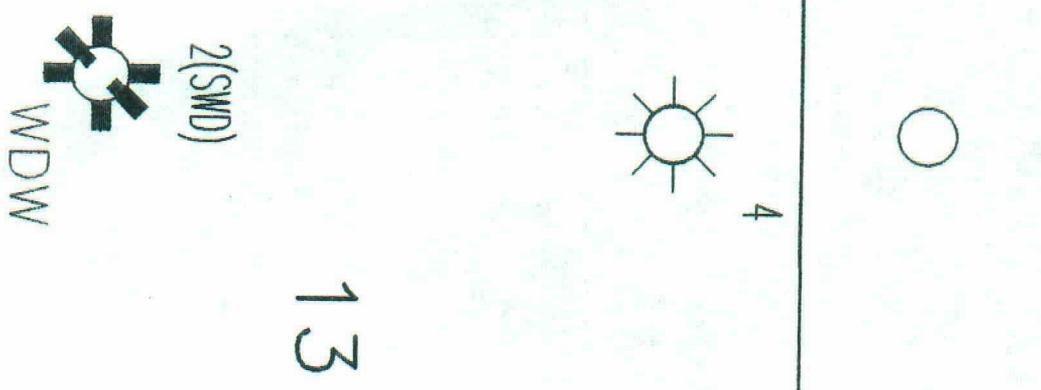
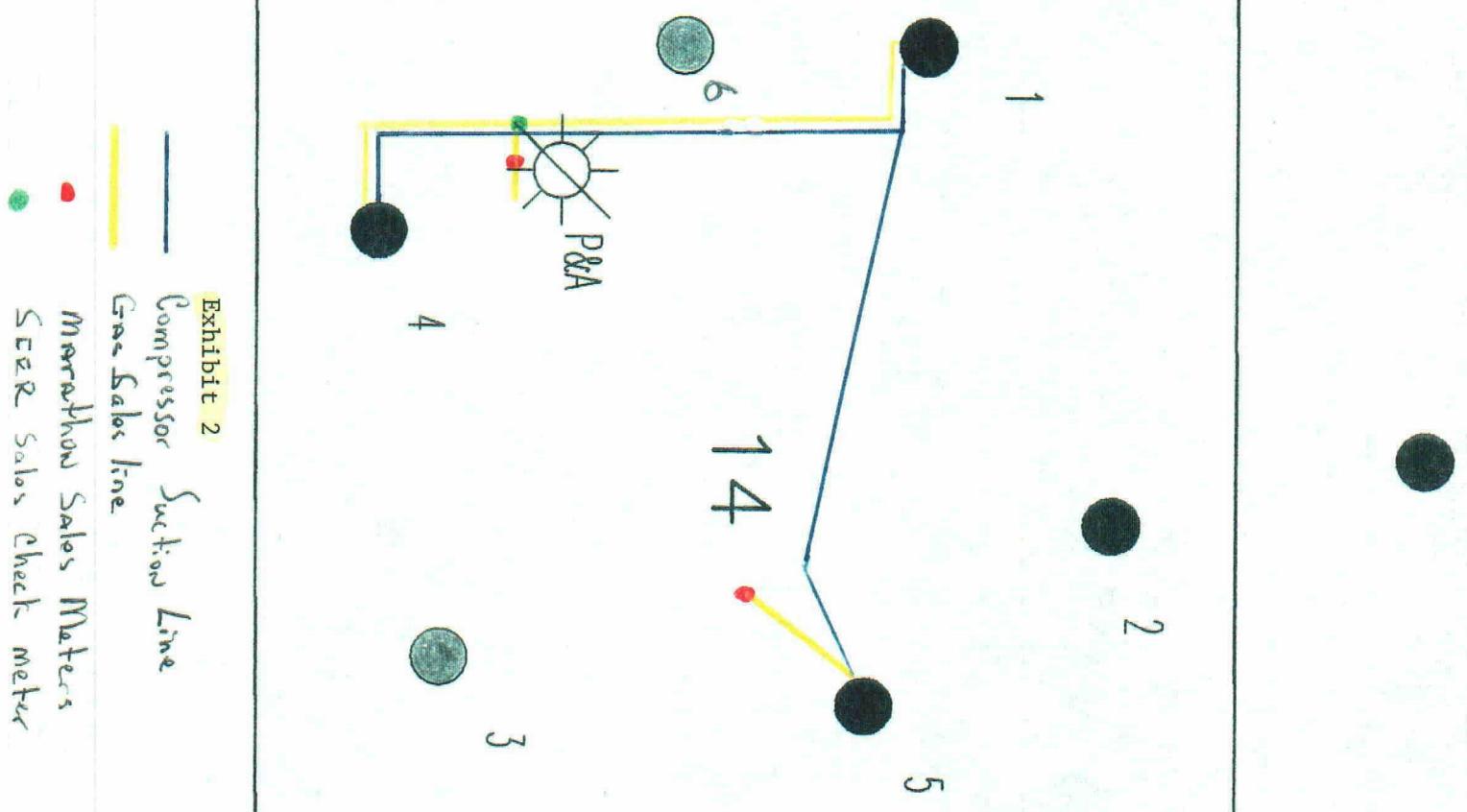


Exhibit I  
Flowline map



Not to scale

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires July 31, 1996

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

*SUBMIT IN TRIPLICATE - Other instructions on reverse side*

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <b>NM-76919 &amp; NM-80628</b>
2. Name of Operator <b>Santa Fe Energy Resources, Inc.</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>550 W. Texas, Suite 1330, Midland, TX 79701</b>	3b. Phone No. (include area code) <b>915-687-3551</b>	7. If Unit or CA Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>(H), 1980' FNL and 660' FEL, Sec. 14, T-21S, R-23E</b>		8. Well Name and No. <b>Roaring Springs "14" Fed Com #5</b>
		9. API Well No. <b>30-015-28302</b>
		10. Field and Pool, or Exploratory Area <b>Dagger Draw, South (Upper Penn)</b>
		11. County or Parish, State <b>Eddy NM</b>

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

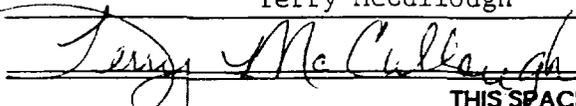
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Please see attached form for surface commingling, off-lease storage, and measurement for the wells:

Roaring Springs "13" Federal #1	(D), 13-21S-23E
Roaring Springs "13" Federal #4	(C), 13-21S-23E
Roaring Springs "14" Federal #3	(P), 14-21S-23E
Roaring Springs "14" Fed Com #5	(H), 14-21S-23E

Roaring Springs Battery II is located at (H), 14-21S-23E. See attached maps and facility design.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) <b>Terry McCullough</b>	Title <b>Sr. Production Clerk</b>
	Date <b>October 8, 1998</b>

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires July 31, 1999

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

*SUBMIT IN TRIPLICATE - Other instructions on reverse side*

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <b>NM-76919 &amp; NM-80628</b>
2. Name of Operator <b>Santa Fe Energy Resources, Inc.</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>550 W. Texas, Suite 1330, Midland, TX 79701</b>	3b. Phone No. (include area code) <b>915/686-6624</b>	7. If Unit or CA Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>(E), 1650' FNL &amp; 990' FWL, Sec. 14, T-21S, R-23E</b>		8. Well Name and No. <b>Roaring Springs 14 Fed Com #1</b>
		9. API Well No. <b>30-015-26081</b>
		10. Field and Pool, or Exploratory Area <b>Dagger Draw, South (Upper Penn)</b>
		11. County or Parish, State <b>Eddy NM</b>

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

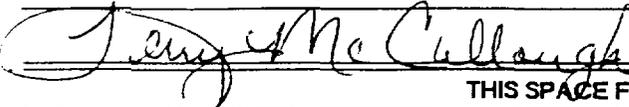
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporary Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Please see attached form for surface commingling, off-lease storage, and measurement for the wells:

- Roaring Springs "14" Fed Com #1 (E), 14-21S-23E
- Roaring Springs "14" Fed Com #2 (B), 14-21S-23E
- Roaring Springs "14" Federal #4 (K), 14-21S-23E
- Roaring Springs "14" Federal #6 (L), 14-21S-23E

Roaring Springs Battery I is located at (E), 14-21S-23E. See attached maps and facility design.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) <b>Terry McCullough</b>	Title <b>Sr. Production Clerk</b>
	Date <b>October 8, 1998</b>

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

# Application for Surface Commingling, Off-Lease Storage and Measurement Approval

This Format Should Be Attached to a Sundry Notice

To: Bureau of Land Management  
P. O. Box 1778  
Carlsbad, New Mexico 88221-1778

**Santa Fe Energy Resources, Inc.** is requesting that Commingling Order CTB-457 be amended to include approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on:

**Roaring Springs Battery I** (located at 14E-21S-23E)

<u>Fed Lse No</u>	<u>Lease Name</u>	<u>Well</u>	<u>Location</u>	<u>Formation</u>
NM-76919	Roaring Springs "14" Fed Com (N/2)	1	14E-21S-23E	Upper Penn
NM-80628		2	14B-21S-23E	Upper Penn
NM-76919	Roaring Springs "14" Fed (S/2)	4	14K-21S-23E	Upper Penn
* NM-76919	Roaring Springs "14" Fed	6	14L-21S-23E	Upper Penn

\*Currently being drilled

**Roaring Springs Battery II** (located at 14H-21S-23E)

<u>Fed Lse No</u>	<u>Lease Name</u>	<u>Well</u>	<u>Location</u>	<u>Formation</u>
NM-76919	Roaring Springs "14" Fed Com (N/2)	5	14H-21S-23E	Upper Penn
NM-80628				
NM-76919	Roaring Springs "14" Fed (S/2)	3	14P-21S-23E	Upper Penn
NM-76919	Roaring Springs "13" Fed	1	13D-21S-23E	Upper Penn
NM-76919	Roaring Springs "13" Fed	4	13C-21S-23E	Morrow (gas & water only)

Production from all active and shut-in wells to be commingled as follows:

<u>Well Name and Number</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFD</u>
Roaring Springs "13" Fed #1	409	42	3,174
Roaring Springs "13" Fed #4			1,100
Roaring Springs "14" Fed Com #1	49	42	1,365
Roaring Springs "14" Fed Com #2	39	42	1,585
Roaring Springs "14" Fed #3	45	42	325
Roaring Springs "14" Fed #4	312	42	3,795
Roaring Springs "14" Fed Com #5	129	42	4,335
* Roaring Springs "14" Fed #6	100	42	2,000

**Working interests, royalty interests, and overriding royalty interests are identical in all leases listed above.**

A map (**Exhibit 1**) is enclosed showing the locations and Federal lease numbers of the two leases which will contribute production to the proposed commingling and common storage facilities. The communitized area is clearly illustrated.

Schematic diagrams (**Exhibits 2 & 3**) are attached which clearly identify the equipment and concept to be utilized for measurement, off-lease storage, and commingling operations.

Currently, there are four producers connected to the **Roaring Springs Battery I** (located at 14E-21S-23E on **NM-76919**) and four producers connected to **Roaring Springs Battery II** (located at 14H-21S-23E on **NM-76919**). The batteries, wells, and their locations are shown in **Exhibit 1**. The BLM will be notified prior to any future change in the facility location.

Details of the proposed method for allocating production to contributing sources are as follows:

Both the **Roaring Springs Battery I and Battery II** are equipped with a multi-well production header, a test separator with oil/water/gas measurement devices, a two-phase gas-liquid separator, a three-phase production separator, heater-treaters, oil & water storage tanks, a LACT unit, a master orifice gas meter, and a master produced water meter. Compression, dehydration, and vapor recovery facilities are also located on the leases (see **Exhibits 2 & 3**).

In order to allocate total battery production back to each well, the individual wells will be tested at least once monthly. The oil, water, and gas rates from the well tests will be used to determine each well's proportionate share of the total battery production for the month.

All interest owners in affected leases have been notified of the commingling and off-lease storage proposal. See notification letters, **Exhibit 4**.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal Leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. We agree to submit, within 30 days, an application for right-of-way approval to the BLM's Realty Section in your office, if not previously submitted. We also understand that additional wells added to the system would require separate commingling approvals.

Signature:

Name:

Title:

Date:

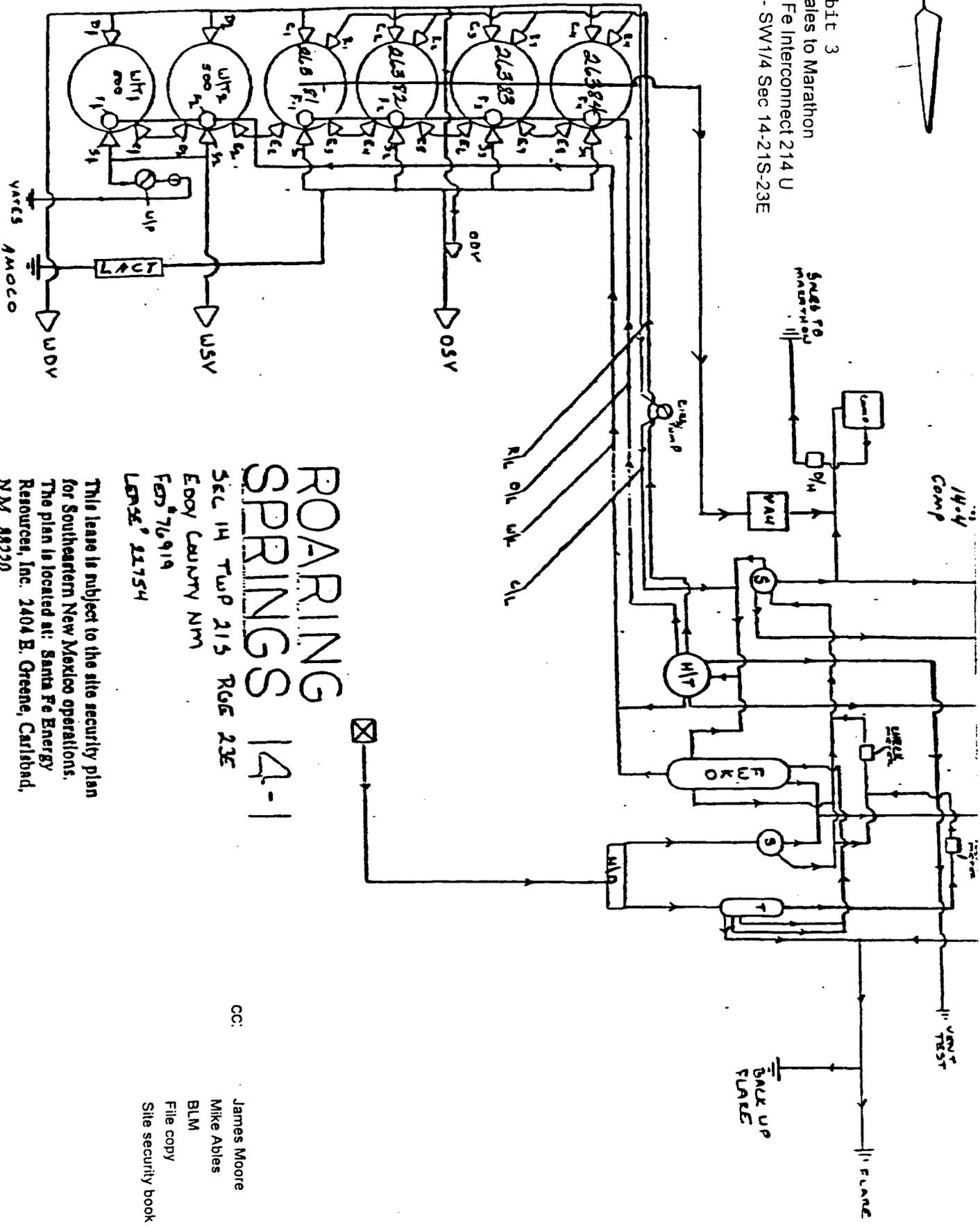
  
Terry McCullough

Sr. Production Clerk

October 8, 1998



Exhibit 3  
 Gas sales to Marathon  
 Santa Fe Interconnect 214 U  
 NE1/4 - SW1/4 Sec 14-21S-23E



# ROARING SPRINGS 14-1

SEC 14 TWP 21S R6E 23E  
 Eddy County NM  
 F0576919  
 LEASE # 22754

This lease is subject to the site security plan for Southeastern New Mexico operations. The plan is located at: Santa Fe Energy Resources, Inc. 2404 B. Greene, Carlsbad, N.M. 88220

CC: James Moore  
 Mike Ables  
 BLM  
 File copy  
 Site security book

SONIRDS QNIRVOA

ORIGINAL

Attachment to Site Facility Diagram

WELL NAME Roaring Springs 14#1

FEDERAL # NM 76919

PRODUCTION PHASE

All circulating lines C-1 through C-4 and sales valves S-1 through S-4, roll lines R-1 through R-4 are sealed closed. Head switch valves HS-1 through HS-6 are sealed closed. Fill valve & equalizer valve on tank being filled is opened unsealed.

SALES PHASE

The tank from which sales are being made will be isolated by sealing closed the circulating valve, roll valve, fill valve & equalizer valve on tank being sold and sales valve is resealed when sale is complete.

CIRCULATING PHASE

B S & W will be removed from one tank at a time and valve will be resealed before company pumper leaves location.

WATER TANK

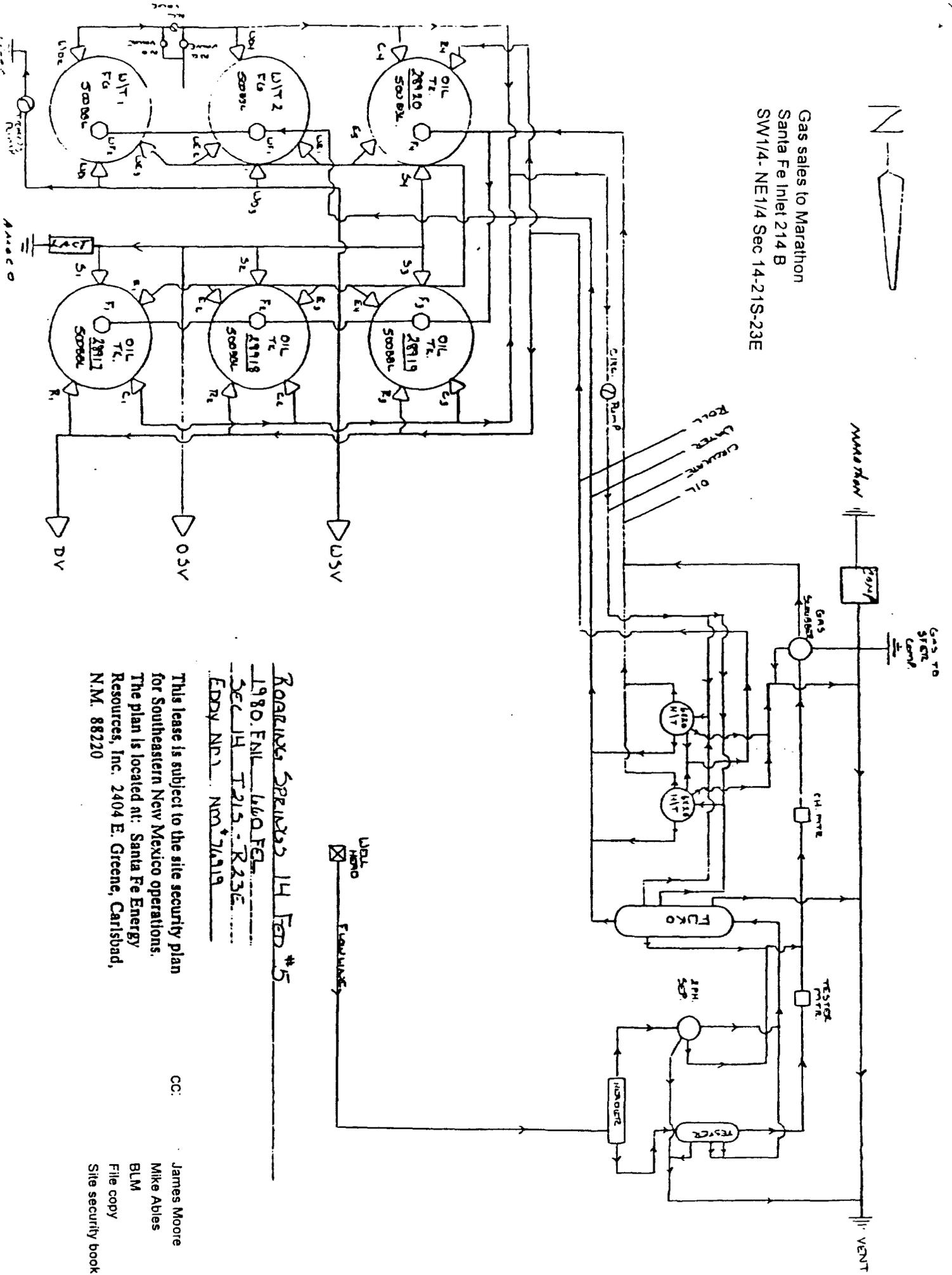
Valve C-1 through C-2 is sealed closed. This tank is water tank and water is ~~needed when required and valve is sealed.~~

PUMP AUTOMATICALLY TO SALT WATER DISPOSAL WELLS.

VALVE D-1 IS SEALED OPEN, VALVE D-2 SEALED CLOSED.  
WHEN TRUCKING IS REQUIRED VALVE IS RESEALED AFTER  
OPERATION IS COMPLETED.



Gas sales to Marathon  
 Santa Fe Inlet 214 B  
 SW1/4 - NE1/4 Sec 14-21S-23E



ROARRING SPRINGS 14 FEB #5  
1980 ENL. L40 FEB  
SEC 14 T 21S - R 23E  
EDDY NP1 NW 21/4 19

This lease is subject to the site security plan for Southeastern New Mexico operations. The plan is located at: Santa Fe Energy Resources, Inc. 2404 E. Greene, Carlsbad, N.M. 88220

CC: James Moore  
 Mike Ables  
 BLM  
 File copy  
 Site security book

Attachment to Site Facility Diagram

WELL NAME ROARING SPRINGS 14<sup>5</sup>

FEDERAL # NM-76919

PRODUCTION PHASE

All circulating lines C1 through C4 and sales valves S1 through S4, roll lines R1 through R4 are sealed closed. Head switch valves - through - are sealed closed. Fill valve & equalizer valve on tank being filled is opened unsealed.

SALES PHASE

The tank from which sales are being made will be isolated by sealing closed the circulating valve, roll valve, fill valve & equalizer valve on tank being sold and sales valve is resealed when sale is complete.

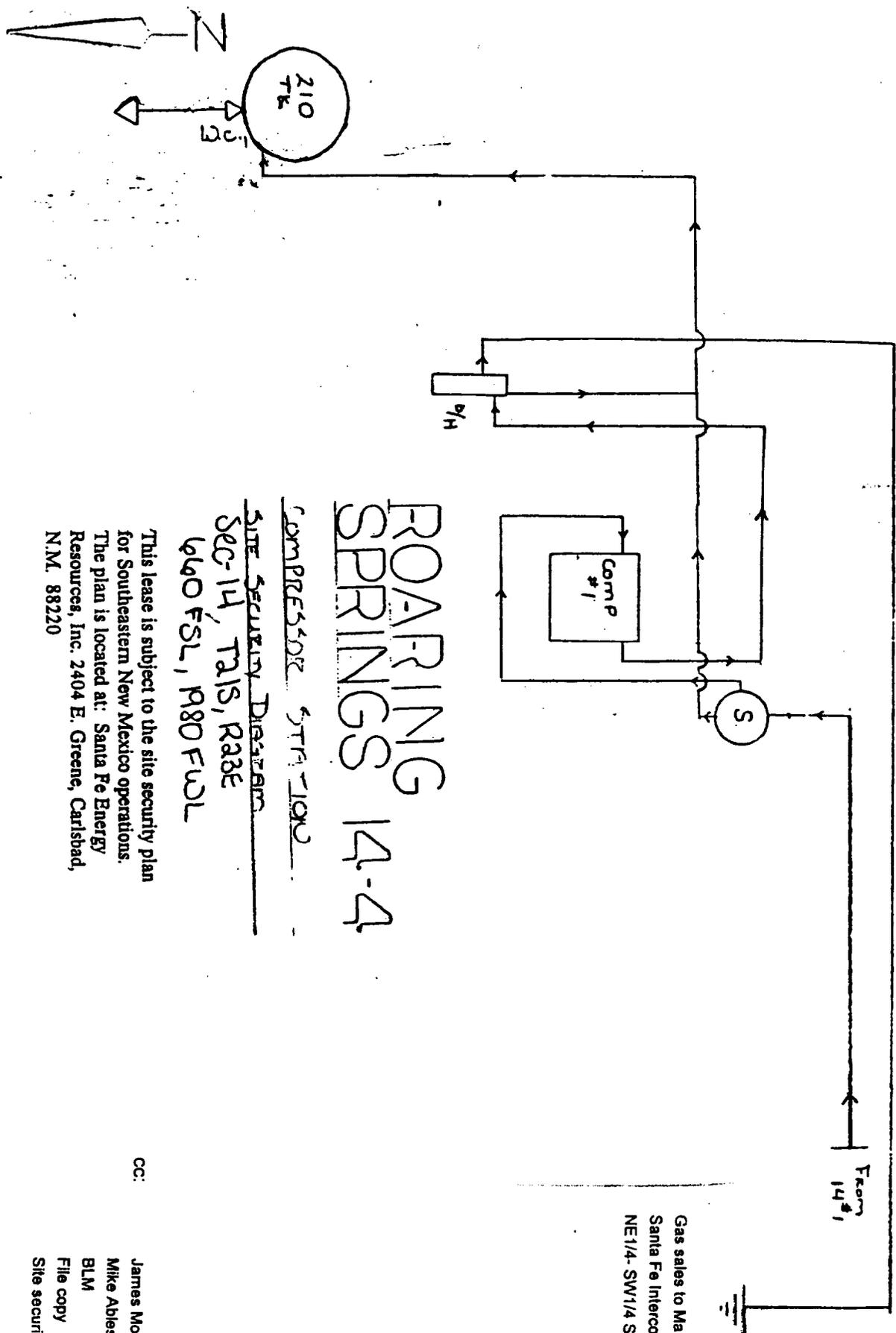
CIRCULATING PHASE

3 S & W will be removed from one tank at a time and valve will be resealed before company pumper leaves location.

WATER TANK

Valve WD2 <sup>AND</sup> ~~through~~ WD4 is sealed closed. This tank is water tank and water is hauled when required and valve is sealed.

WD1 AND WD3 ARE SEALED OPEN FOR DISPOSAL INTO YATES LINE.



# ROARING SPRINGS 14-4

COMPRESSOR STATION

SITE SECURITY DIAGRAM  
 SEC-14, TR15, RA3E  
 640 FSL, R80 FUDL

This lease is subject to the site security plan for Southeastern New Mexico operations. The plan is located at: Santa Fe Energy Resources, Inc. 2404 E. Greene, Carlsbad, N.M. 88220

Gas sales to Marathon  
 Santa Fe Interconnect 214 U  
 NE 1/4- SW 1/4 Sec 14-21S-23E

CC:

- James Moore
- Mike Ables
- BLM
- File copy
- Site security book

*Sharon*

Attachment to Site Facility Diagram

WELL NAME ROARING SPRINGS 14

FEDERAL # 4 Sec-14, T21S, R23E,  
660FSL, 1980 FWL

PRODUCTION PHASE

All circulating lines \_\_\_\_\_ through \_\_\_\_\_ and sales valves \_\_\_\_\_ through \_\_\_\_\_, roll lines \_\_\_\_\_ through \_\_\_\_\_ are sealed closed. Head switch valves \_\_\_\_\_ through \_\_\_\_\_ are sealed closed. Fill valve & equalizer valve on tank being filled is opened unsealed.

SALES PHASE

The tank from which sales are being made will be isolated by sealing closed the circulating valve, roll valve, fill valve & equalizer valve on tank being sold and sales valve is resealed when sale is complete.

CIRCULATING PHASE

B S & W will be removed from one tank at a time and valve will be resealed before company pumper leaves location.

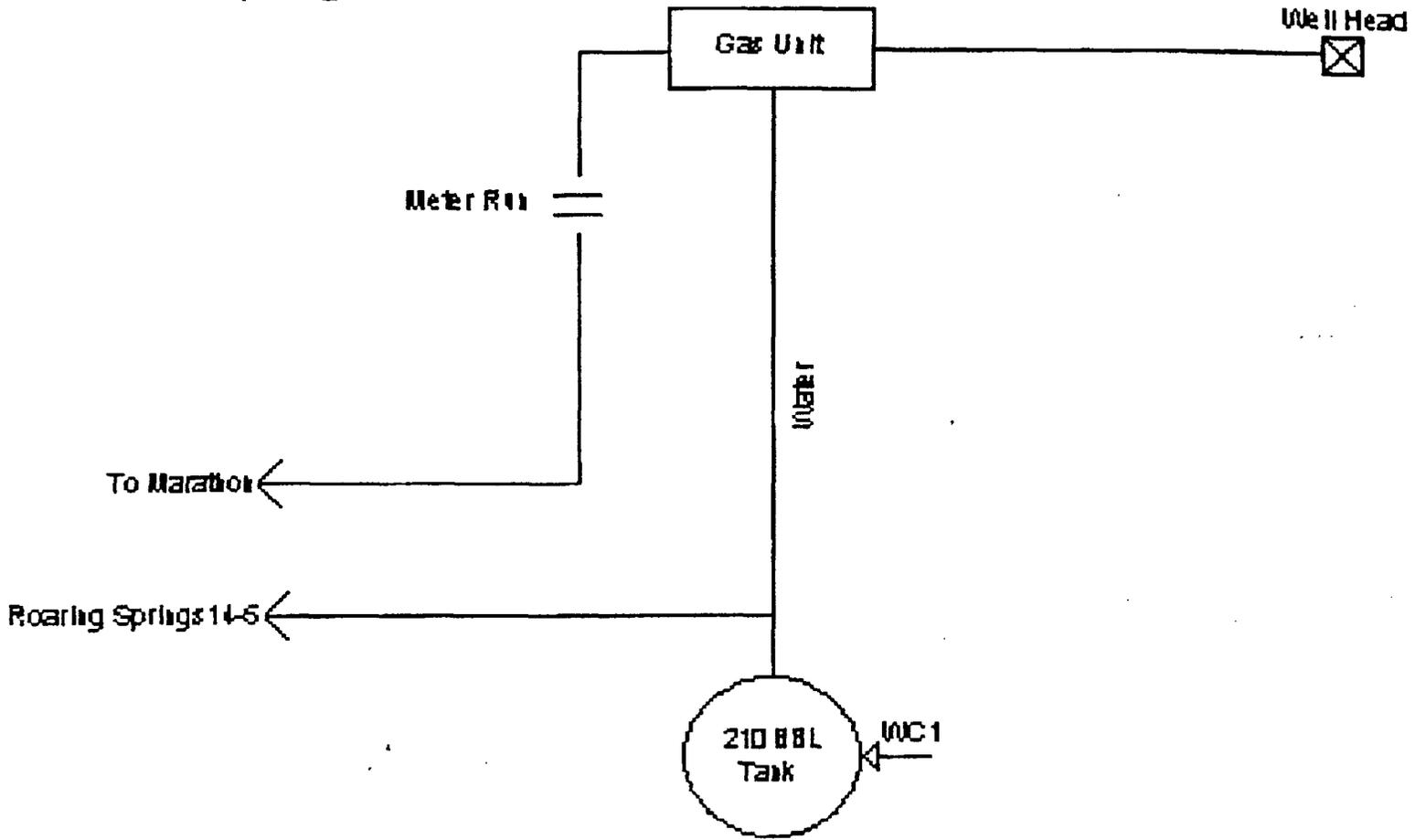
WATER TANK

Valve Wc1 through \_\_\_\_\_ is sealed closed. This tank is water tank and water is hauled when required and valve is sealed.

Roaring Springs 13 Fed. #4  
Sec. 13-T21S-R23E



Site Security Diagram



# **Working Interest and Royalty Interest Owner List**

## **Exhibit 4**

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Bill Fenn  
P. O. Drawer 569  
Giddings, Texas 78942