



Santa Fe Energy Resources, Inc.

CERTIFIED MAIL - RETURN RECEIPT

July 30, 1998

Anadarko Petroleum Corporation
P.O. Box 1330
Houston, Texas 77251

ATTN: Mr. Patrick Smith

Re: **N. Lusk Fed Com #1 Well**
1650' FSL & 1980' FEL
Sec. 23, T-18-S, R-31-E
Eddy County, New Mexico

Gentlemen:

Santa Fe Energy Resources, Inc., hereby proposes the drilling of a 12,000' Atoka/Morrow Test to be located at 1650' FSL & 1980' FEL of Section 23, T-18-S, R-31-E, Eddy County, New Mexico, for an east half proration unit.

Enclosed please find two copies of the Well Cost Estimate for the drilling and completion of the captioned well for your review. Please indicate your election to participate in this Atoka/Morrow Test by signing in the space provided on page 2 and returning a copy of this letter as well as an executed Well Cost Estimate to this office.

Should Anadarko elect to participate in the proposed well, a 1982 Form Operating Agreement will be sent for your review and subsequent execution.

Thank you in advance for your prompt response to this proposal. Should you have any questions or need additional information, feel free to contact me at (915) 686-6677.

Yours truly,

SANTA FE ENERGY RESOURCES, INC.

Meg Muhlinghouse
Senior Landman

MM/efw

REVIEWED
CONSERVATION DIV.

EXHIBIT 3

CASE NO. 120911

Anadarko Petroleum Corporation

July 30, 1998

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_____ We hereby **elect to participate** in the North Lusk Fed. Com #1 Well.

_____ We hereby **elect not to participate** in the North Lusk Fed. Com #1 Well.

ANADARKO PETROLEUM CORPORATION

By: _____

Title: _____

Date: _____

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 or 2 for additional services.
- Complete items 3 and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

ATTN: MR. PATRICK SMITH
ANADARKO PETROLEUM CORP.
P.O. BOX 1330
HOUSTON TX 77251

4a. Article Number

P 101 783 069

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt on Merchandise COD

7. Date of Delivery

APR 10 1995

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

See

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 101 783 069

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Anadarko Petroleum Corp.	
Street & Number	
P.O. Box 1330	
Post Office, State, & ZIP Code	
Houston, Texas 77251	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
<i>N. Lusk Fed Con #1</i>	

PS Form 3800, April 1995