

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 8, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.F(2) and 104.D(2), Santa Fe Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox location and non-standard proration unit for the following well:

Nagoolte Peak "5" Fed. Com. Well No. 4
610 feet FSL & 1900 feet FEL
N $\frac{1}{4}$ §5, Township 22 South, Range 24 East, NMPM
Eddy County, New Mexico

Santa Fe plans to drill the well to a depth sufficient to test the Upper Pennsylvanian formation (Indian Basin-Upper Pennsylvanian Associated Pool). Under Order No. R-9922, as amended, well spacing is 320 acres, with wells to be no closer than 660 feet to the outer boundary of the unit, and no closer than 330 feet to a quarter-quarter section line. An APD and Form C-102 for the well are attached as Exhibits A and B.

The proposed location is based on topographic and geologic reasons. Attached as Exhibit C is a topographic map. The Bureau of Land Management required Santa Fe to move the well slightly north of an orthodox location to stay in the center of the flat area marked by the 4200' contour line. Attached as Exhibit D is a structure map of the Cisco/Canyon dolomite, showing that a well at the proposed location has a favorable structural position, thus minimizing the risk involved in drilling the well.

Attached as Exhibit E is a land plat of the area. Santa Fe operates all of Section 32 to the north, and is the only affected offset. As a result, notice has not been mailed to anyone.

The N $\frac{1}{2}$ of Section 5 is comprised of Lots 1-4 and the S $\frac{1}{2}$ N $\frac{1}{2}$, comprising 372.88 acres, and thus Santa Fe requests a non-standard proration unit for the well.

In connection with an unorthodox location application for the Nagoolte Peak "5" Fed. Com. Well No. 5, you requested additional information on certain wells in Section 5. A copy of my response letter is attached to this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK
DRILL DEEPEN

b. TYPE OF WELL
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Santa Fe Energy Resources, Inc.

3. ADDRESS AND TELEPHONE NO.
550 W. Texas, Suite 1330; Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with the requirements.)
At surface (Lot 2) 610' FNL & 1900' FEL
At proposed prod. zone

SUBJECT TO
LIKE APPROVAL
BY STATE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
16 3/4 miles west of Carlsbad, New Mexico

Unit B

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
610'

16. NO. OF ACRES IN LEASE
640-652.88

17. NO. OF ACRES ASSIGNED TO THIS WELL
320-372.88

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
2394'

19. PROPOSED DEPTH
8500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
'4248' GR

22. APPROX. DATE WORK WILL START*
October 26, 1998

23. PROPOSED CASING AND CEMENT CARLSBAD CONTROLLED WATER BASIN

SIZE OF HOLES	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 3/4"	K-55 9 5/8"	36#	1600'	775 SK to circulate
8 3/4"	K-55 7"	26#	8500'	400 SK to circulate

WITNESS

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. If non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan
- H2S Drilling Operations Plan

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No. ATTACHED

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED: James P. Blumenson
TITLE: Agent for Santa Fe Energy
DATE: 10-5-98

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the land to be drilled or deepened. Applicant to conduct operations thereon.

Acting Assistant Field Office
Lands and Minerals

APPROVED BY: (ORIG. SGD.) ARMANDO A. LOPEZ
DATE: NOV 04 1998

*See Instructions On Reverse Side



DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Indian Basin (Upper Penn)	
4 Property Code		5 Property Name NAGDOLTEE PEAK '5' FEDERAL COM			6 Well Number 4
7 OGRID No. 20305		8 Operator Name SANTA FE ENERGY RESOURCES, INC.			9 Elevation 4248'

10 SURFACE LOCATION

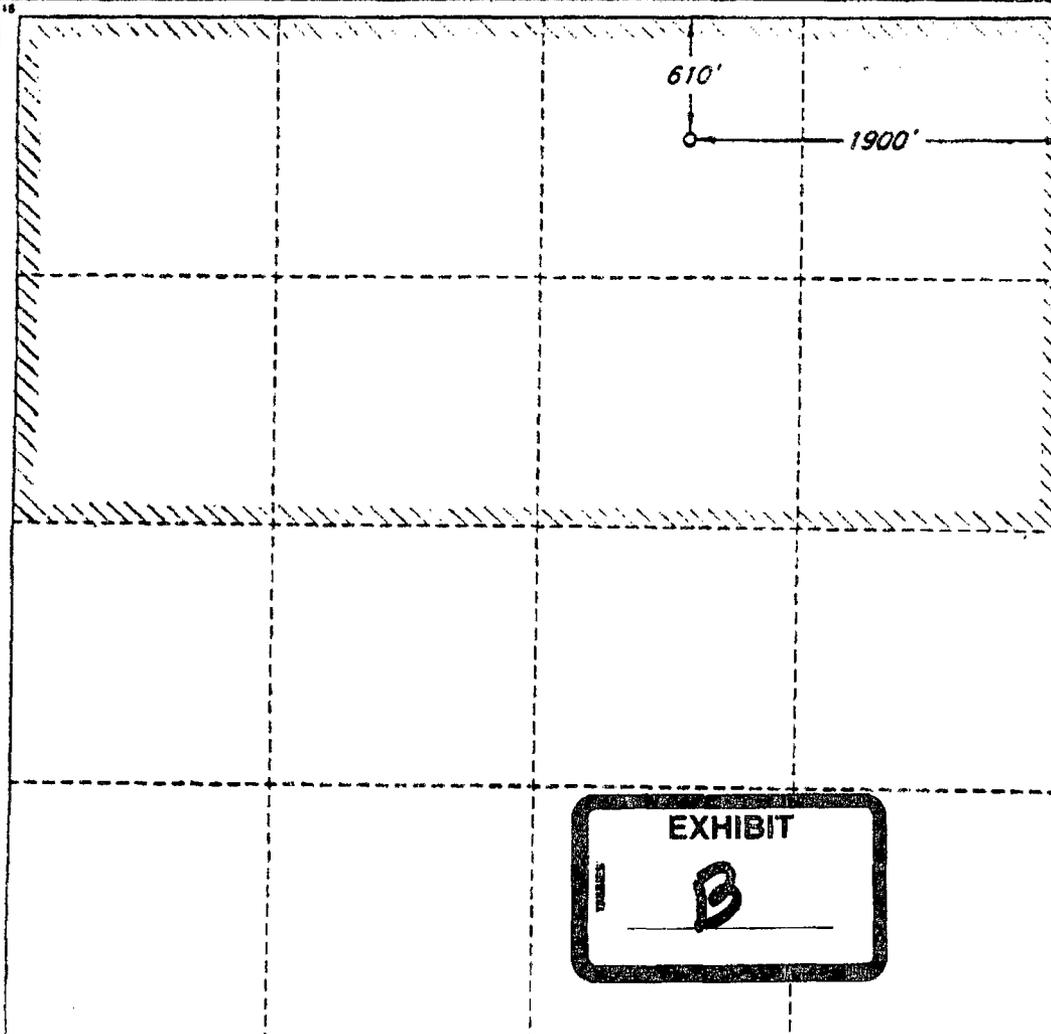
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	5	22 SOUTH	24 EAST, N.M.P.M.		610'	NORTH	1900'	EAST	EDDY

11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 5.26	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James P. Stinson*
 Printed Name: James P. "Phil" Stinson
 Title: Agent for Santa Fe Energy
 Date: 10/05/98

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: SEPTEMBER 16, 1998
 Signature and Seal of Professional Surveyor: *Roger M. Robbins*
 Seal: REGISTERED PROFESSIONAL SURVEYOR, STATE OF NEW MEXICO, #12128
 Certificate No.: ROGER M. ROBBINS, P.S. #12128

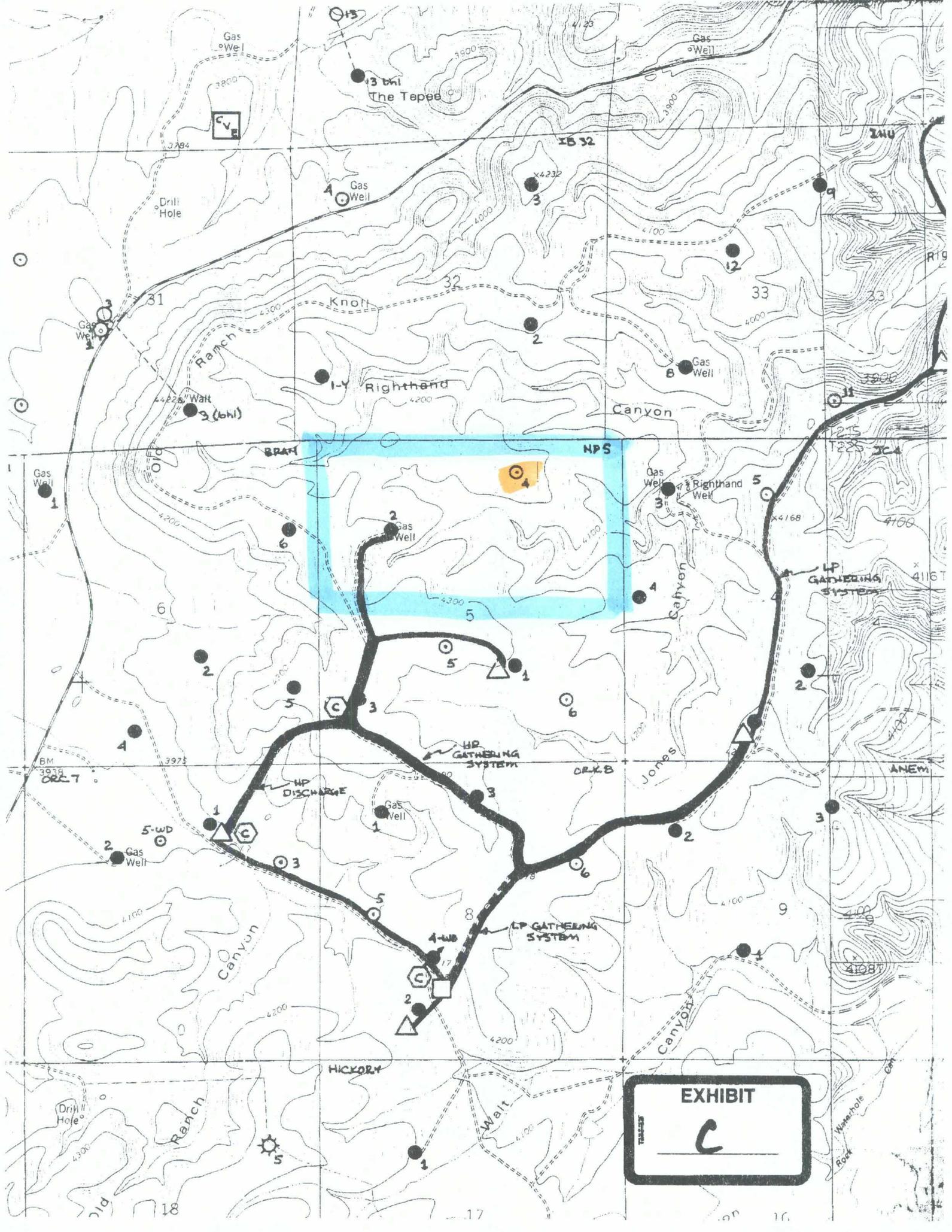
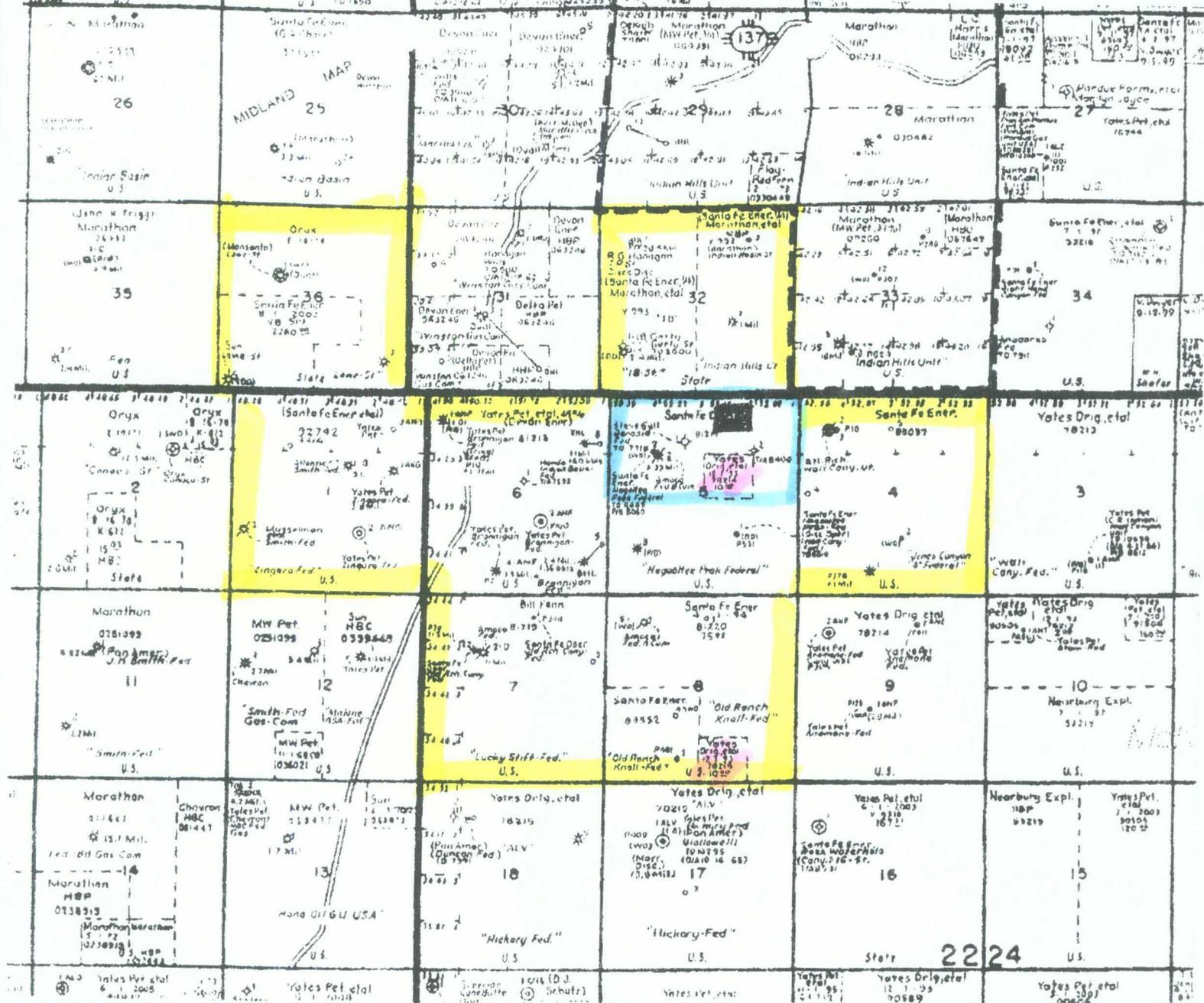


EXHIBIT
C



Santa Fe Energy Resources, Inc.
Central Division
Midland, Texas

EDDY COUNTY, NEW MEXICO

SAGINAW PROSPECT

DATE: 12/10/98

NAGOOOLTEE PEAK
 "5" FED COM No. 4
 610' FNL + 1900' FEL
 Section 5, T-22-S, R-24-E

SFER, INC. Acreage

Yates, et al. (Santa Fe-operated)

EXHIBIT

E

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

January 22, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Santa Fe Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox location for the following well:

Nagoolte Peak "5" Fed. Com. Well No. 5
2045 feet FSL & 2200 feet FWL
S½ S5, Township 22 South, Range 24 East, NMPM
Eddy County, New Mexico

Santa Fe plans to drill the well to a depth sufficient to test the Upper Pennsylvanian formation (Indian Basin-Upper Pennsylvanian Associated Pool). Well spacing is 320 acres, with wells to be no closer than 660 feet to the outer boundary of the unit, and no closer than 330 feet to a quarter-quarter section line. An APD and Form C-102 for the well are attached as Exhibits A and B.

The proposed location is based on topographic and geologic reasons. Attached as Exhibit C is a topographic map, showing that a standard location in the SW¼ would be at a drop-off of the surface, resulting in the Bureau of Land Management requiring that the well be moved. Attached as Exhibit D is a structure map, showing that a well in the SW¼ of the section is more favorably located than a well in the SE¼ of the section. Thus, the proposed location reduces the risk involved in drilling the well.

Attached as Exhibit E is a land plat of the area. Santa Fe owns and operates all of Section 5, and thus is the only affected offset. As a result, no offset has been notified of this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

OPERATOR'S COPY

SUBMIT IN TRIPPLICATE* (Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

Form 3166-3- (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN []

D. TYPE OF WELL Oil Well [] Gas Well [X] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []

2. NAME OF OPERATOR Santa Fe Energy Resources, Inc.

3. ADDRESS AND TELEPHONE NO. 550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

4. LOCATION OF WELL (Report location clearly and by State requirements.) (K) 2043' FSL & 3400' FWL 7300' At proposed Prod. 3000' SUBJECT TO LIKE APPROVAL BY STATE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 16 3/4 miles west of Carlsbad, New Mexico

16. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY ON LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 2045'

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1310'

21. ELEVATIONS (Show whether DF, RT, GR, etc.) '4321' GR

5. LEASE DESIGNATION AND SERIAL NO. NM 81217
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT ASSIGNMENT NAME
8. FARM OR LEASE NAME, WELL NO. Nagooltee Peak #5 Fed Com #5
9. AC WELL NO.
10. FIELD AND FOOT, OR WILDCAT Indian Basin (Upper Penn)
11. SEC., T., R., S., OR BLM. AND SUBSET OR AREA Sec. 5, T-22-S, R-24-E
12. COUNTY OR PARISH Eddy
13. STATE NM

17. NO. OF ACRES ASSIGNED TO THIS WELL 320

20. ROTARY OR CABLE TOOLS Rotary

22. APPROX. DATE WORK WILL START* December 21, 1998

23. PROPOSED CASING AND CEMENT CARLSBAD CONTROLLED WATER BASIN

Table with 5 columns: SIZE OF HOLES, GRADE AND DEPTH OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Includes rows for 12 3/4" and 8 3/4" casings.

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. If non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

- Drilling Program
Exhibit A - Operations Plan
Exhibit B - BOP and Choke Schematic
Exhibit C - Drilling Fluid Program
Exhibit D - Auxiliary Equipment
Exhibit E - Topo Map at Location

- Exhibit F - Plat Showing Existing Wells
Exhibit F (A) - Plat of Location
Exhibit G - Well Site Layout
Surface Use and Operations Plan
H2S Drilling Operations Plan

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond BLM Bond File No.: MT 0750

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zones and proposed new productive zones. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

34. SIGNED: James P. Blanton Agent for Santa Fe Energy DATE: 11-26-98

PERMIT NO. APPROVAL DATE
Application approval 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.

APPROVED BY: Assistant Field Office Manager, Lands and Minerals DATE: JAN 19 1999

*See Instructions On Reverse Side

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 or to any matter within its jurisdiction.



DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

DISTRICT II
 P. O. Drawer 00
 Artesia, NM 88211-0719

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

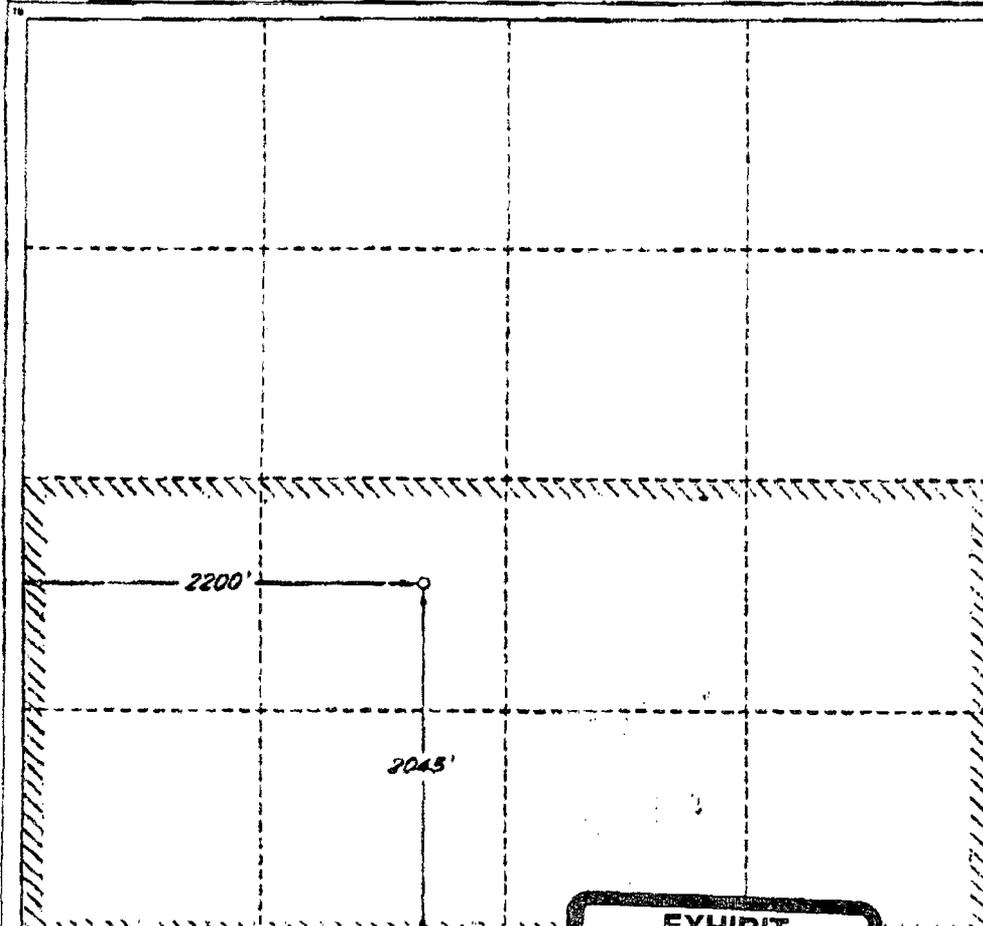
OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number		2 Pool Code		3 Pool Name			
				Indian Basin (Upper Penn)			
4 Property Code		5 Property Name			6 Well Number		
		NAGDOLTEE PEAK #5 FEDERAL COM			5		
7 OGRID No.		8 Operator Name			9 Elevation		
20305		SANTA FE ENERGY RESOURCES, INC.			4331'		
10 SURFACE LOCATION							
11 Ut or lot no.	12 Section	13 Township	14 Range	15 Lot Ida	16 Feet from the North/South line	17 Feet from the East/West line	18 County
K	5	22 SOUTH	24 EAST, N.M.P.M.		2045'	SOUTH 2200'	WEST EDDY
19 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE							
11 Ut or lot no.	12 Section	13 Township	14 Range	15 Lot Ida	16 Feet from the North/South line	17 Feet from the East/West line	18 County
20 Dedicated Acres		21 Joint or Infill		22 Consolidation Code		23 Order No.	
320							

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

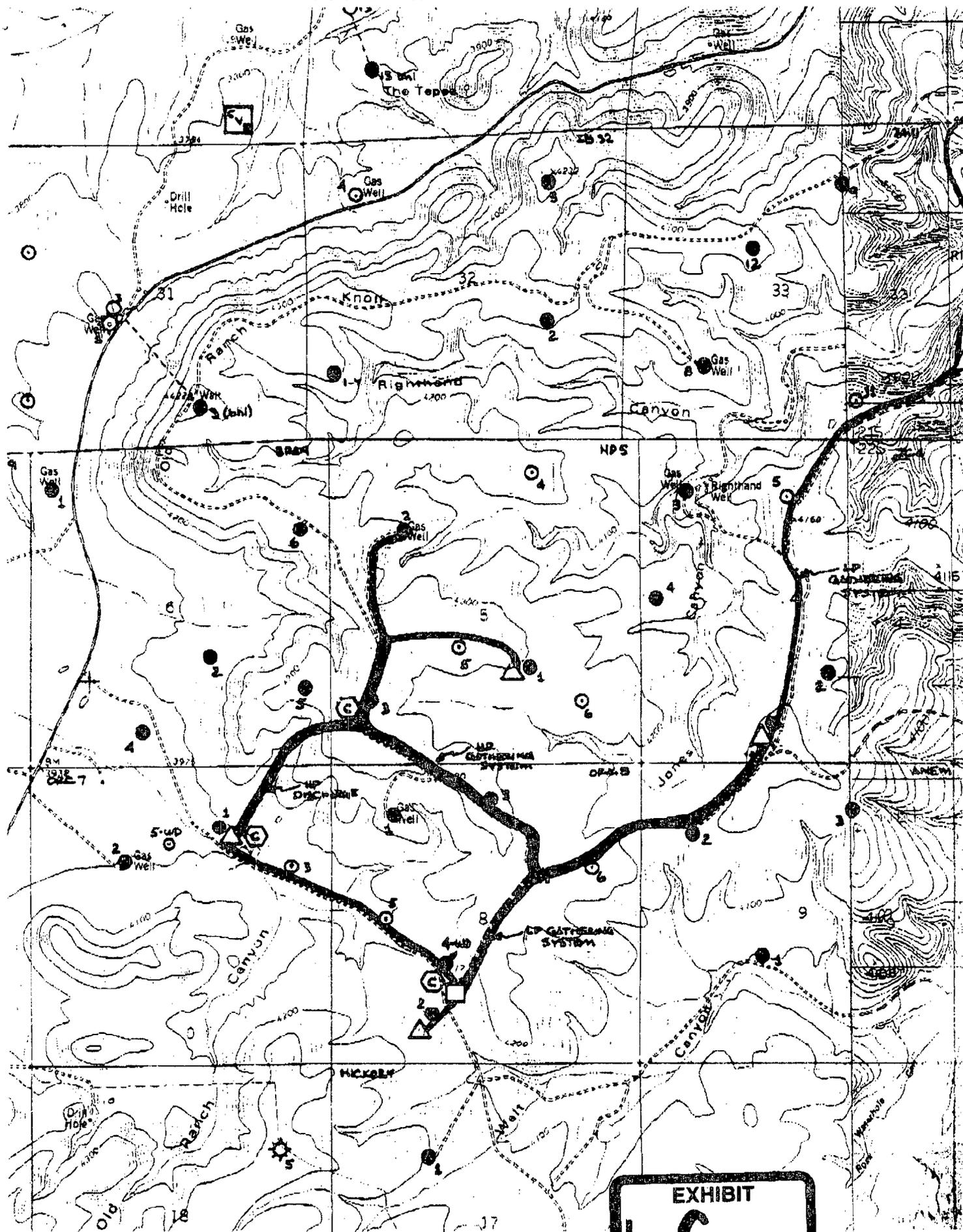
Signature: *James P. "Phil" Sprinson*
 Printed Name: James P. "Phil" Sprinson
 Title: Agent for Santa Fe Energy
 Date: 12-9-98

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: DECEMBER 3, 1998
 Signature and Seal: *Roger M. Robbins*
 Professional Seal: ROGER M. ROBBINS, REGISTERED SURVEYOR, NEW MEXICO, 12128
 Certificate No.: 12128





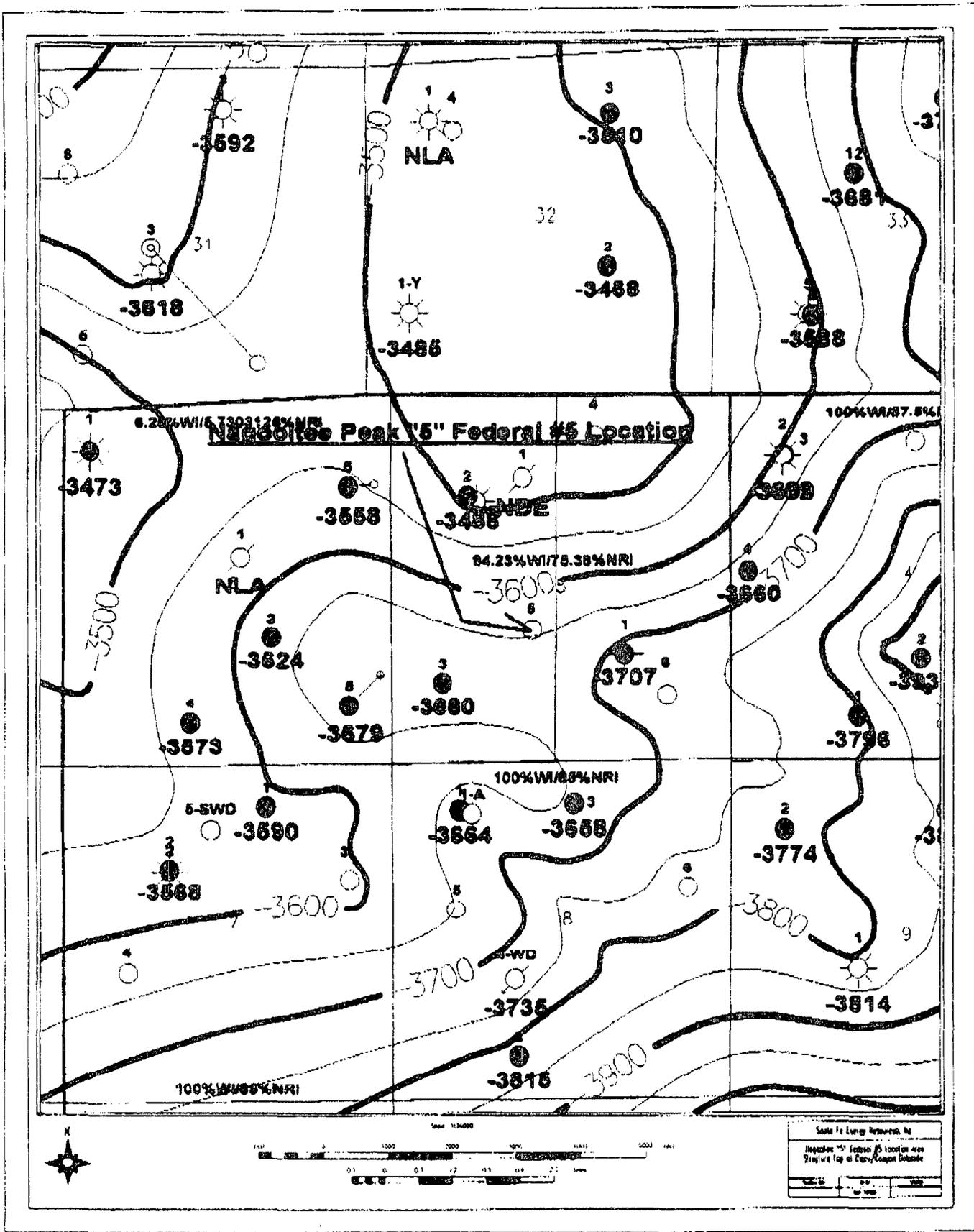
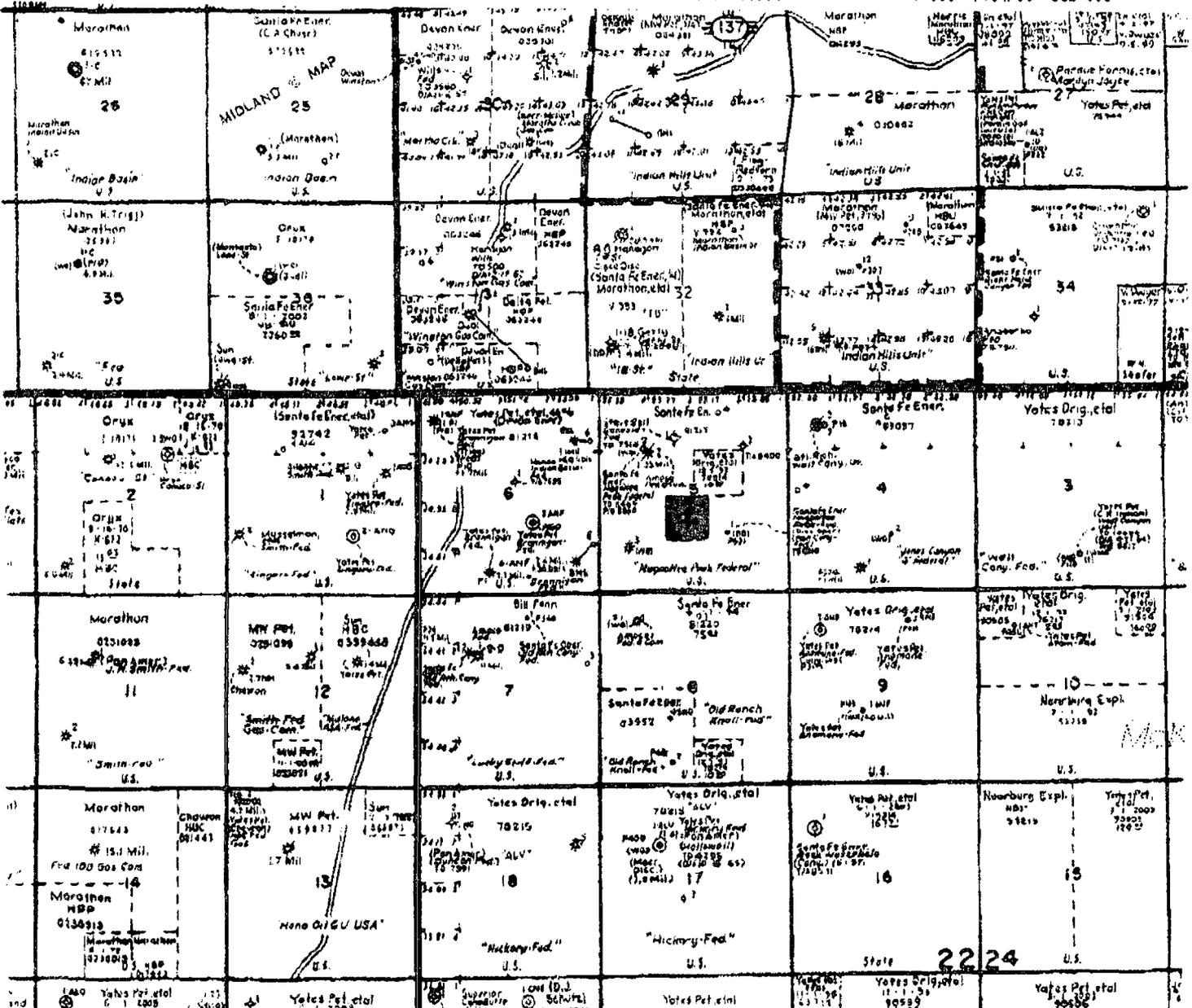


EXHIBIT
D



**NAGOOTTEE PEAK
"5" FED COM #5**
2045' FSL & 2200' FWL
Section 5, T-22-S, R-24-E



SFER, INC. Acreage



Santa Fe Energy Resources, Inc.
Central Division
Midland, Texas

EDDY COUNTY, NEW MEXICO

SAGINAW PROSPECT

DATE: 12/10/98



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

02/23/99 08:30:42
OGOMES -TPFE
PAGE NO: 2

Sec : 05 Twp : 22S Rng : 24E Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Federal owned	Federal owned	Federal owned	Federal owned
	A	A	
M 40.00	N 40.00	O 40.00	P 40.00
Federal owned	Federal owned	Federal owned	Federal owned
A #3			

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

02/23/99 08:30:32
OGOMES -TPF5
PAGE NO: 1

Sec : 05 Twp : 22S Rng : 24E Section Type : NORMAL

4 53.39 Federal owned A	1762 3 53.27 Federal owned A	2 53.17 Federal owned A	1 53.05 Federal owned
E 40.00 Federal owned A	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

372.88

$$1320 \times 1320 = 1742400 / 43560 = 40$$

$$x / 43560 = 53.39$$

$$1320(x) = 2325668.4 \text{ ft}^2$$

1762



Sec : 05 Twp : 22S Rng : 24E Section Type : NORMAL

4 53.39 Federal owned	3 53.27 Federal owned A	2 53.17 Federal owned A	1 53.05 Federal owned
E 40.00 Federal owned A	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

1
93.39
93.27

186.66
186.22

372.88

93.27

93.17
93.05

186.22

93.05

Sec : 05 Twp : 22S Rng : 24E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned A	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 Federal owned A	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG6C101

ONGARD
C101-APPLICATION FOR PERMIT TO DRILL

02/01/99 15:07:12
OGOIV -EMDX

OGRID Idn : 20305 API Well No: 30 15 30558 APD Status(A/C/P): A
Opr Name, Addr: SANTA FE ENERGY RESOURCES INC Aprvl/Cncl Date : 01-19-1999
550 WEST TEXAS
STE 1330
MIDLAND, TX 79701

Prop Idn: 23854 NAGOOLTEE PEAK 5 FEDERAL COM Well No: 5

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
Surface Locn : K	5	22S	24E			FTG 2045 F S	FTG 2200 F W
OCD U/L : K		API County :	15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 4321

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 8500 Prpsd Frmtn : UPPER PENN

E7024: Only view is allowed

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

02/01/99 15:07:48
OGOIV -EMDX

API Well No : 30 15 24713 Eff Date : 01-01-1995 WC Status : A
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
OGRID Idn : 20305 SANTA FE ENERGY RESOURCES INC
Prop Idn : 16774 NAGOOLTEE PEAK 5 FEDERAL

Well No : 001
GL Elevation: 4280

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: J	5	22S	24E	FTG 1633 F S	FTG 1636 F E	A
Lot Identifier:							
Dedicated Acre:							
Lease Type	: F						
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

02/01/99 15:08:09
OGOIV -EMDX

API Well No : 30 15 29900 Eff Date : 11-18-1997 WC Status : A
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
OGRID Idn : 20305 SANTA FE ENERGY RESOURCES INC
Prop Idn : 16774 NAGOOLTEE PEAK 5 FEDERAL

Well No : 003
GL Elevation: 4347

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : M 5 22S 24E FTG 1230 F S FTG 800 F W P

Lot Identifier:

Dedicated Acre: 346.36

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

Santa Fe Res.

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

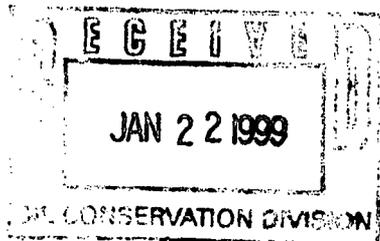
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name

Signature

Title

Date

James Bruce

Attorney for Applicant

1/22/99

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

January 22, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Santa Fe Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox location for the following well:

Nagoolte Peak "5" Fed. Com. Well No. 5
2045 feet FSL & 2200 feet FWL
S½ S5, Township 22 South, Range 24 East, NMPM
Eddy County, New Mexico

Santa Fe plans to drill the well to a depth sufficient to test the Upper Pennsylvanian formation (Indian Basin-Upper Pennsylvanian Associated Pool). Well spacing is 320 acres, with wells to be no closer than 660 feet to the outer boundary of the unit, and no closer than 330 feet to a quarter-quarter section line. An APD and Form C-102 for the well are attached as Exhibits A and B.

The proposed location is based on topographic and geologic reasons. Attached as Exhibit C is a topographic map, showing that a standard location in the SW¼ would be at a drop-off of the surface, resulting in the Bureau of Land Management requiring that the well be moved. Attached as Exhibit D is a structure map, showing that a well in the SW¼ of the section is more favorably located than a well in the SE¼ of the section. Thus, the proposed location reduces the risk involved in drilling the well.

Attached as Exhibit E is a land plat of the area. Santa Fe owns and operates all of Section 5, and thus is the only affected offset. As a result, no offset has been notified of this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

OPERATOR'S COPY

SUBMIT IN TRIPPLICATE (Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

Form 3160-3 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN []
1b. TYPE OF WELL OIL [] GAS WELL [X] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []

2. NAME OF OPERATOR Santa Fe Energy Resources, Inc.

3. ADDRESS AND TELEPHONING 550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

4. LOCATION OF WELL (Report location clearly and SUBJECT TO LIKE APPROVAL BY STATE) (K) 2045' FSL & 2400' FWL At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 16 3/4 miles west of Carlsbad, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (also to nearest drlg. unit line, if any) 2045'

16. NO. OF ACRES IN LEASE 640

17. NO. OF ACRES ASSIGNED TO THIS WELL 320

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1310'

19. PROPOSED DEPTH 8500'

20. ROTARY OR CABLE TOOL* Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) '4321' GR

22. APPROX. DATE WORK WILL START* December 21, 1998

33. PROPOSED CASING AND CEMENT CARLSBAD CONTROLLED WATER BASIN

Table with 5 columns: SIZE OF HOLES, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Includes rows for 12 3/4" and 8 3/4" casing.

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. If non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

- Drilling Program
Exhibit A - Operations Plan
Exhibit B - BOP and Choke Schematic
Exhibit C - Drilling Fluid Program
Exhibit D - Auxiliary Equipment
Exhibit E - Topo Map at Location

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

- Exhibit F - Plat Showing Existing Wells
Exhibit F (A) - Plat of Location
Exhibit G - Well Site Layout
Surface Use and Operations Plan
H2S Drilling Operations Plan

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond BLM Bond File No.: MT 0750

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED James P. Blinn, Jr. TITLE Agent for Santa Fe Energy DATE 11-26-98

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

Application approval 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. CONDITIONS OF APPROVAL IF ANY: Acting

APPROVED BY Assistant Field Office Manager, Lands and Minerals DATE JAN 19 1999

*See Instructions On Reverse Side

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 or to any matter within its jurisdiction.



DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

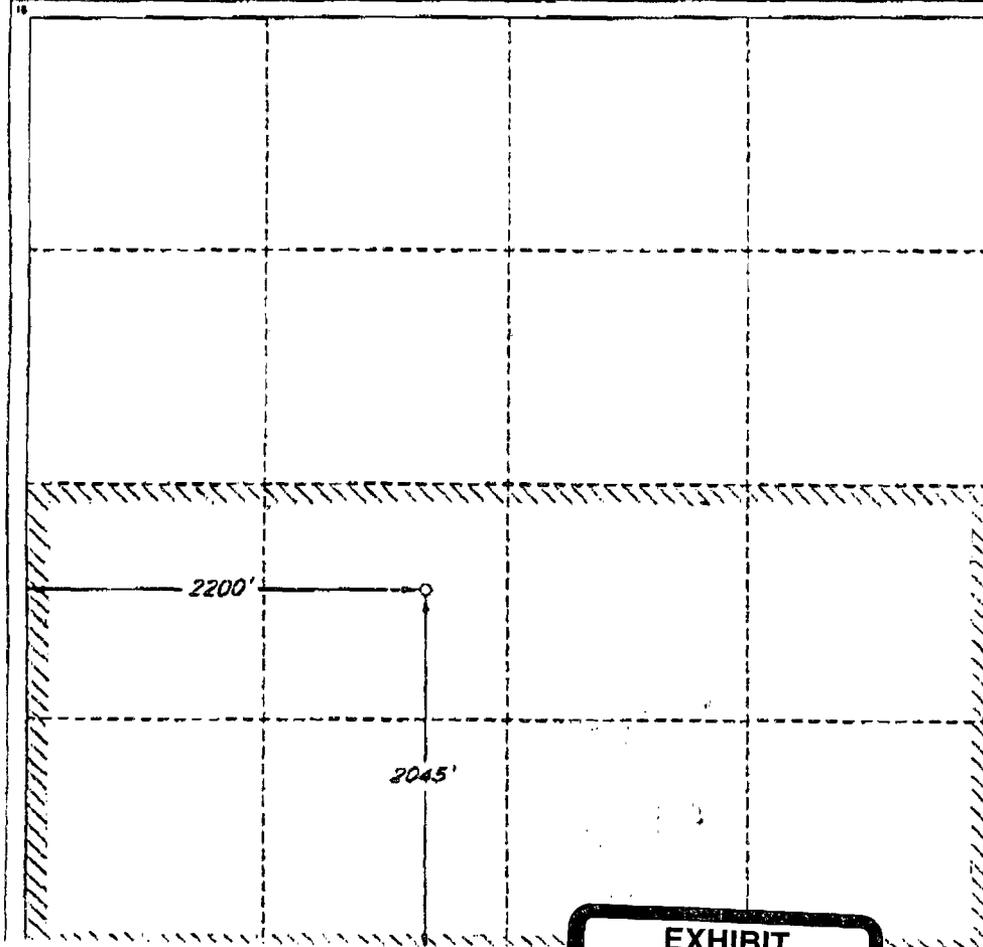
AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number		2 Pool Code		3 Pool Name Indian Basin (Upper Penn)					
4 Property Code		5 Property Name NAGDOLTEE PEAK 'S' FEDERAL COM					6 Well Number 5		
7 GRID No. 20305		8 Operator Name SANTA FE ENERGY RESOURCES, INC.					9 Elevation 4331'		
10 SURFACE LOCATION									
UL or lot no. K	Section 5	Township 22 SOUTH	Range 24 EAST, N.M.P.M.	Lot Ida	Feet from the 2045'	North/South line SOUTH	Feet from the 2200'	East/West line WEST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

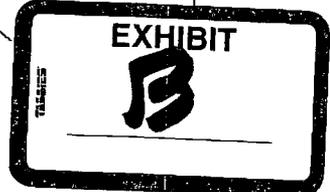
Signature: *James P. "Phil" Srinson*
 Printed Name: James P. "Phil" Srinson
 Title: Agent for Santa Fe Energy
 Date: 12-9-98

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: DECEMBER 3, 1998

Signature and Seal of Professional Surveyor: *Roger M. Robbins*
 REGISTERED SURVEYOR
 NEW MEXICO
 12128

Certificate No. ROGER M. ROBBINS 12128



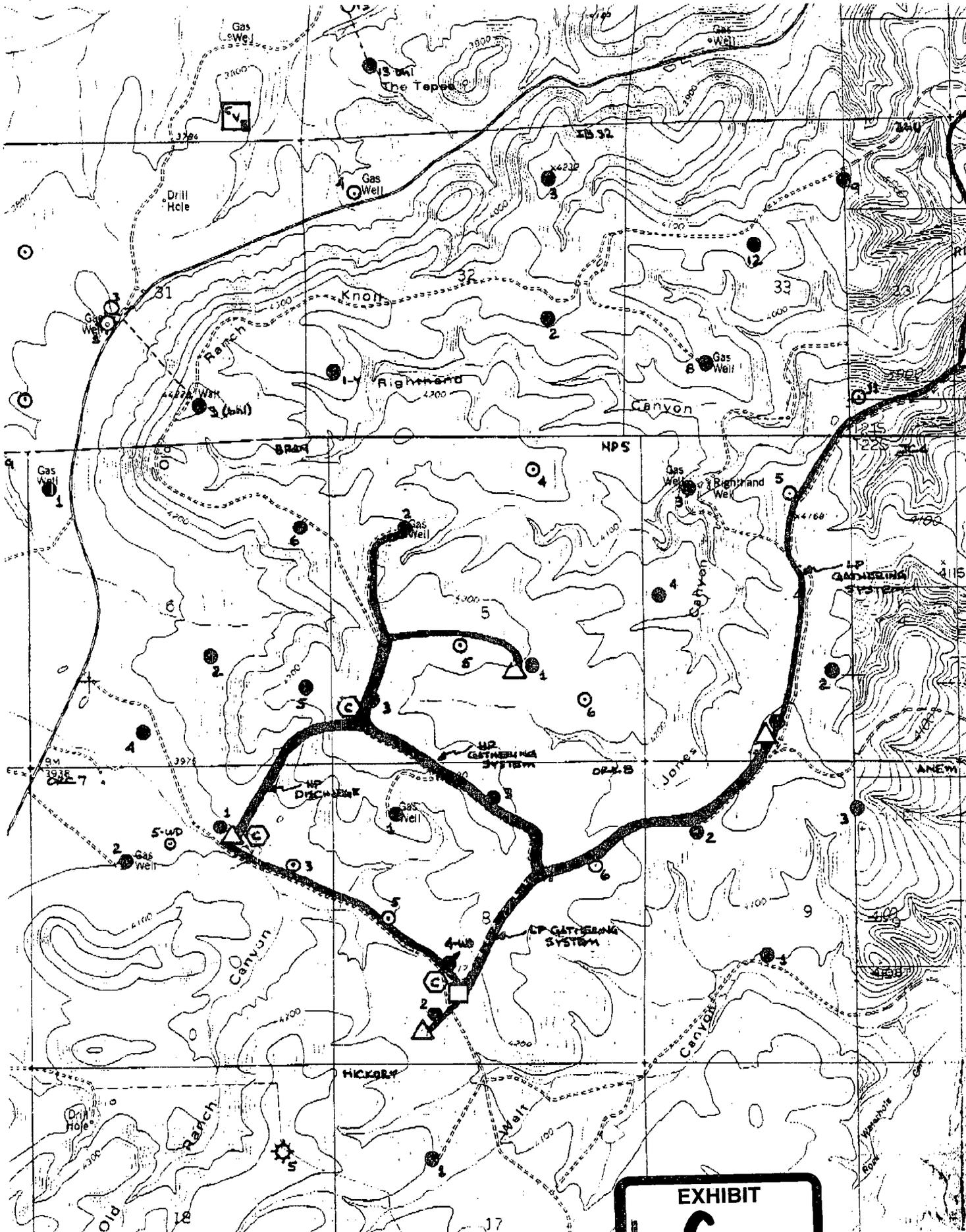
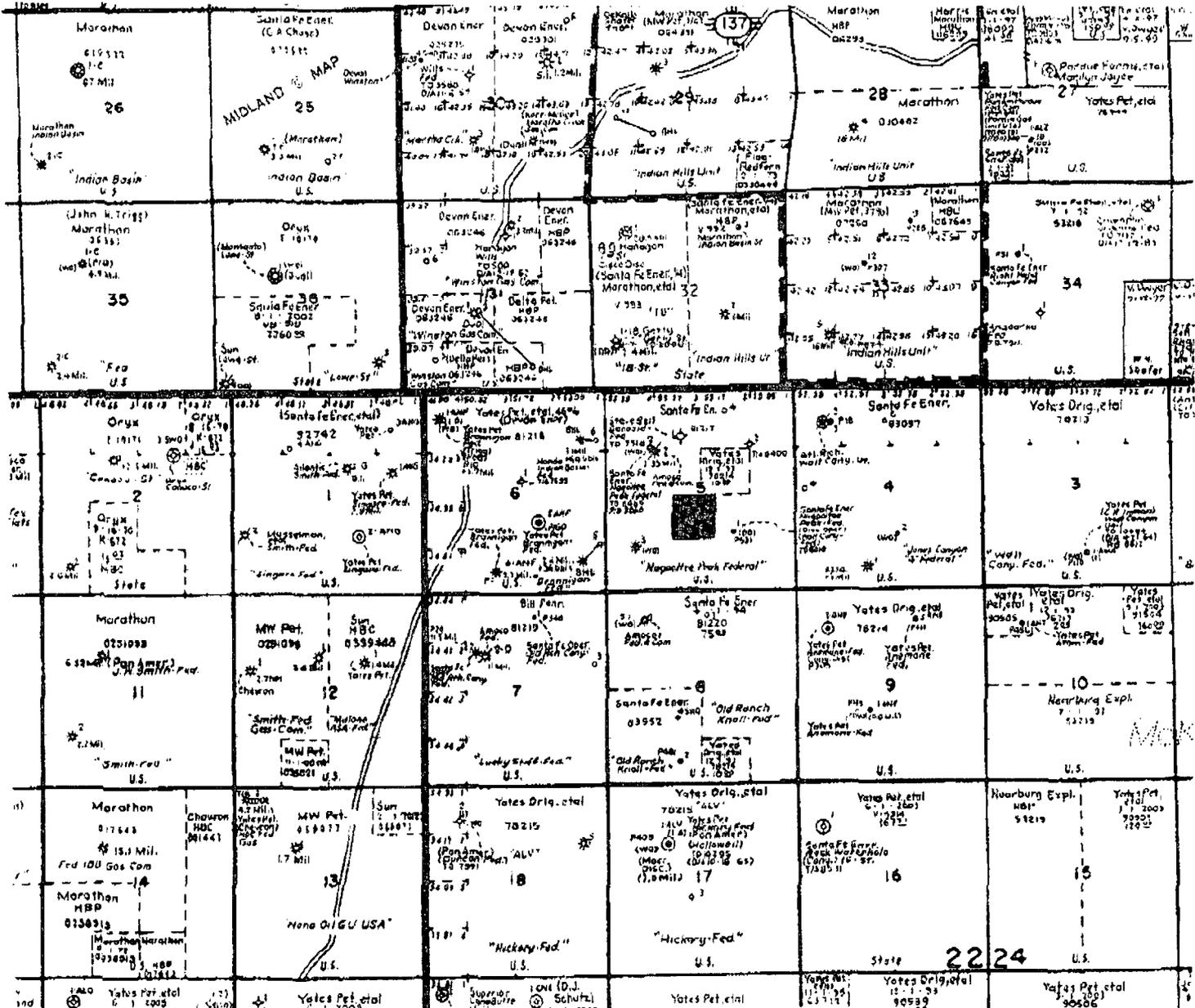


EXHIBIT
C



**NAGOOLTEE PEAK
"5" FED COM #5**
2045' FSL & 2200' FWL
Section 5, T-22-S, R-24-E



SFER, INC. Acreage

Santa Fe Energy Resources, Inc.
Central Division
Midland, Texas

EDDY COUNTY, NEW MEXICO

SAGINAW PROSPECT

DATE: 12/10/98



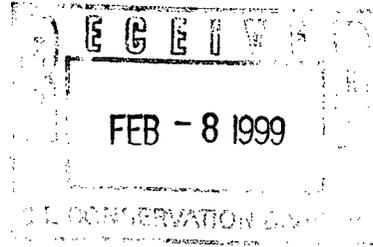
~~CONFIDENTIAL~~

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)



February 8, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Administrative application of Santa Fe Energy Resources, Inc. ("Santa Fe") for approval of an unorthodox well location:

Nagoolte Peak "5" Fed. Com. Well No. 5
S½ S5-22S-24E, Eddy County, New Mexico

Dear Mr. Stogner:

I received your letter of February 1, 1999. As a result, I checked the Division's files on the other wells in Section 5, and found the following information:

<u>Nagoolte Peak Fed. Well No.</u>	<u>Completed</u>	<u>Unit¹</u>
1	4/11/94	S½
2	4/11/97	W½
3	12/30/97	W½
4	N/A	N½
5	N/A	S½

These wells are completed, or will be completed, in the Indian Basin-Upper Pennsylvanian Associated Pool. Under Order No. R-9922, as amended, spacing is 320 acres, with multiple wells allowed on each well unit. However, as you can see, there are several overlapping well units, which must be corrected. It is Santa Fe's intent to have each well dedicated to a laydown unit.

¹Per Form C-102's filed with the Division.

As to the No. 2 well, an unorthodox location was granted by Order No. R-10138 (copy enclosed), which states that the well is dedicated to a N $\frac{1}{2}$ unit, rather than the W $\frac{1}{2}$ unit reflected on the Form C-102. If that is insufficient, please advise, and Santa Fe will file an amended Form C-102.

As to the No. 3 well, an amended Form C-102, reflecting a S $\frac{1}{2}$ unit dedication, is enclosed. In addition, the well is at an unorthodox location because it is too close to a quarter-quarter section line. Santa Fe is checking its files, and if the location has not already been approved, an application for an unorthodox location will be applied for immediately.

Enclosed is a land plat of the area. As you can see, Section 5 is comprised of two federal leases, one owned by Santa Fe and one (covering the SW $\frac{1}{4}$ NE $\frac{1}{4}$) owned by Yates Petroleum Corporation, et al. ("Yates"). Santa Fe has informed me that the entire section is covered by a JOA with Yates, and the royalty rate is the same on both leases. Therefore, no one is adversely affected by the re-orientation of the well units.

Another problem is that a completion report was never filed with the Division's Santa Fe office on the No. 3 well. However, a completion report was prepared in January 1998, and filed with the BLM and the Division's Artesia office. A copy of the completion report is enclosed.

Finally, the No. 4 well is at a slightly unorthodox location, 610 feet FNL of Section 5. Santa Fe has on this date filed an unorthodox location application for that well.

* There is one additional well in this section, the Bandaaid Fed. Well No. 1, located in Unit C. This well was drilled when the acreage was in the Indian Basin-Upper Pennsylvanian Gas Pool, and the Form C-102 reflected that the entire section was dedicated to the well.² However, the well has been plugged and abandoned since 1995.

The existing Form C-102's and completion or plugging reports for the Bandaaid Fed. Well No. 1 and the Nagoolte Peak Fed. Well Nos. 1-4 are enclosed with this letter. Call me if you need anything further on this matter.

Very truly yours,


James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

²Section 5 was moved from the Indian Basin-Upper Pennsylvanian Gas Pool to the Indian Basin-Upper Pennsylvanian Associated Pool by Order No. R-10137.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10988
ORDER NO. R-10138

APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR AN
UNORTHODOX GAS WELL LOCATION AND NON-STANDARD GAS PRORATION
UNIT, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 9, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 22nd day of June, 1994, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Santa Fe Energy Operating Partners, L.P., seeks approval for an unorthodox gas well location to be drilled 1562 feet from the North line and 1202 feet from the West line (Unit D) of Section 5, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.
- (3) Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section would be dedicated to the well to form a non-standard 372.88-acre gas spacing and proration unit for said pool.
- (4) At the time of the hearing, this case was consolidated with Case No. 10986 for the purpose of presenting testimony.

(5) In Case No. 10986, Santa Fe asked the Division to remove certain acreage (including said Section 5) from the Indian Basin-Upper Pennsylvanian Gas Pool and add it to the Indian Basin-Upper Pennsylvanian Associated Pool. This request, as it pertains to Section 5, was approved by Division Order No. R-10137.

(6) The applicant's evidence indicates that the proposed location, the Nagooltee Peak 5 Federal Well No.2, should be completed as an oil well in the Indian Basin-Upper Pennsylvanian Associated Pool. Pool rules for said Associated Pool provide for 320-acre spacing with wells to be no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from quarter-quarter section lines.

(7) The well location is unorthodox in said Associated Pool because it is too close to quarter-quarter section lines. According to testimony by applicant's witness the location is necessary because of topographic conditions in the area and BLM requirements.

(8) No offset operator or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the affected pool and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Santa Fe Energy Operating Partners L.P., is hereby authorized to drill its Nagooltee Peak 5 Federal Well No.2 at an unorthodox oil well location 1562 feet from the North line and 1202 feet from the West line (Unit D) of Section 5, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico.

(2) Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said section shall be dedicated to the well to form a non-standard 372.88-acre oil spacing and proration unit for said pool.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10988
Order No. R-10138
Page 3

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-29900		2 Pool Code 33685		3 Pool Name Indian Basin (upper Penn) Assoc.	
4 Property Code 016774		5 Property Name NAGDOOLTEE PEAK '5' FEDERAL			6 Well Number 3
7 OGRD No. 020305		8 Operator Name SANTA FE ENERGY RESOURCES, INC.			9 Elevation 4347'

10 SURFACE LOCATION

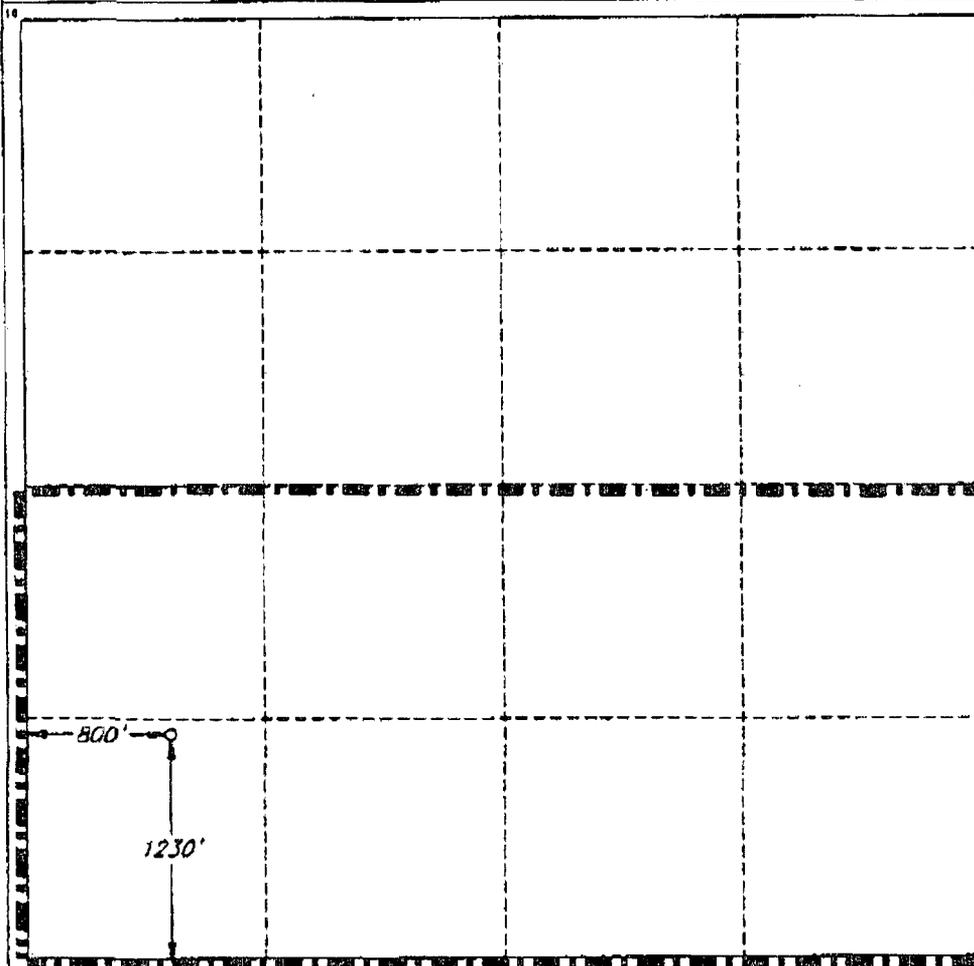
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	5	22 SOUTH	24 EAST, N.M.P.M.		1230'	SOUTH	800'	WEST	EDDY

11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Terry McCullough*

Printed Name
Terry McCullough

Title
Sr. Production Clerk

Date
February 5, 1999

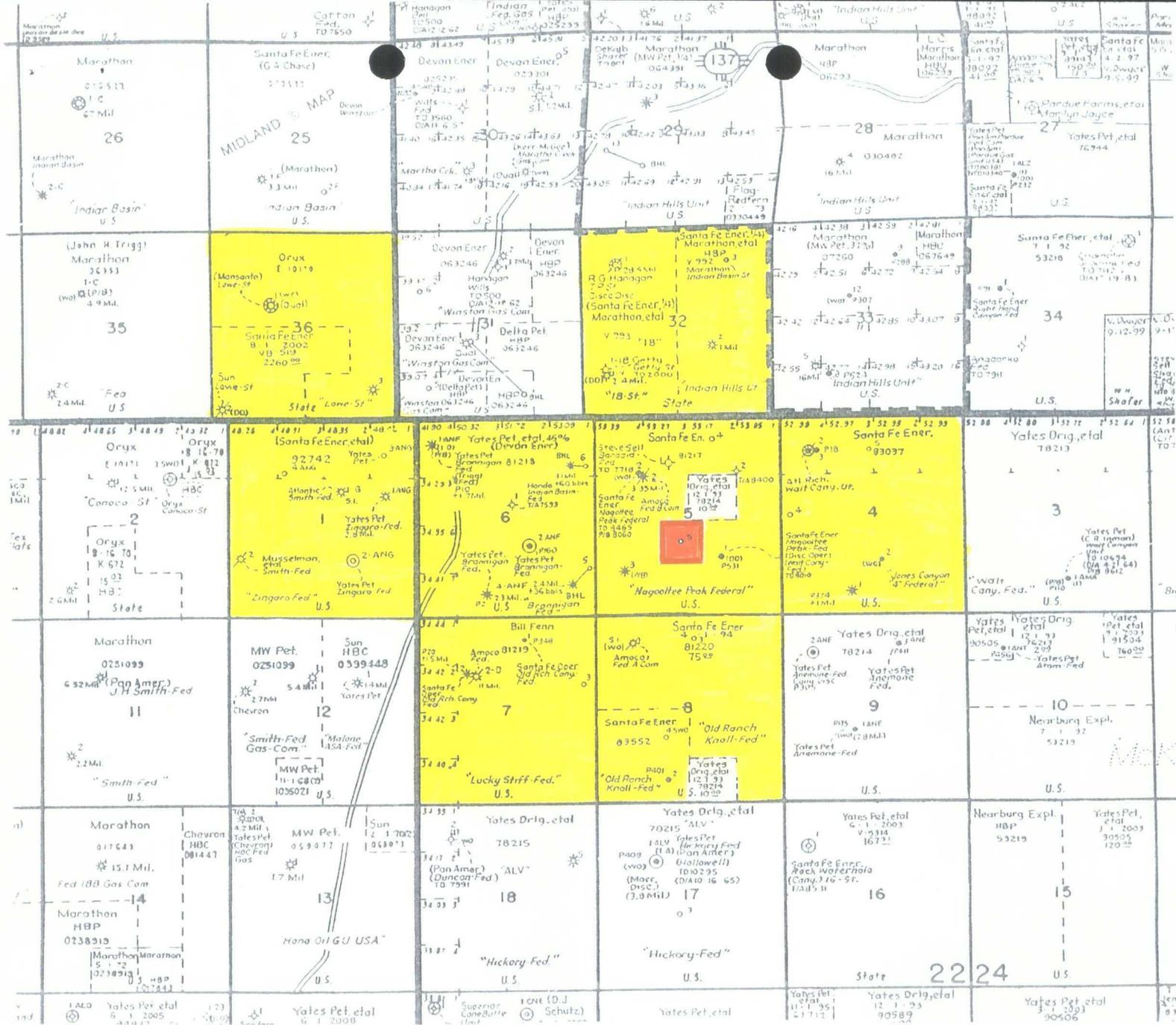
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
SEPTEMBER 8, 1997

Signature and Seal of Professional Surveyor

Certificate No.
ROGER M. ROBBINS, P.S. #12128
 JOB # 34019 / 51 NE / JSJ



NAGOOOTEE PEAK
"5" FED COM #5
 2045' FSL & 2200' FWL
 Section 5, T-22-S, R-24-E



SFER, INC. Acreage



Santa Fe Energy Resources, Inc.
Central Division
Midland, Texas

EDDY COUNTY, NEW MEXICO

SAGINAW PROSPECT

DATE: 12/10/98

Form 3160-4
(July 1992)

Greg T. 1/11
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATION
SUBMIT IN DUPLICATE

(See other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

3. LEASE DESIGNATION AND SERIAL NO.
NM-81217
6. IF INDIAN, ALLOTTEE OR TRIBE NAME

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____
b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR Other _____

2. NAME OF OPERATOR
Santa Fe Energy Resources, Inc.
3. ADDRESS AND TELEPHONE NO.
550 W. Texas, Suite 1330, Midland, TX 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface (M), 1230' FSL and 800' FWL, Sec. 5, T-22S, R-24E
At top prod. interval reported below
At total depth

RECEIVED
JAN 08 1998
LAND DEPT.
MIDLAND, TX

7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME, WELL NO.
Nagooltee Peak "5"
Federal #3
9. API WELL NO.
30-015-29900

10. TIE-INS AND POOL OR WILDCAT
Indian Basin
(Upper Penn) Assoc.
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 5, T-22S, R-24E
12. COUNTY OR PARISH
Eddy
13. STATE
NM

14. PERMIT NO.
15. DATE SPUDDED 11/18/97
16. DATE F.I.D. REACHED 12/12/97
17. DATE COMPL. (Ready to prod.) 12/30/97
18. ELEVATIONS (DF, RKB, RT, CR, ETC.)* 4347' GR
19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 8500'
21. PLUG, BACK T.D., MD & TVD 8427'
22. IF MULTIPLE COMPL., HOW MANY* N/A
23. INTERVALS DRILLED BY
ROTARY TOOLS ALL
CABLE TOOLS N/A
24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)*
8014'-8346' (Upper Penn)
25. WAS DIRECTIONAL SURVEY MADE
No

26. TYPE ELECTRIC AND OTHER LOGS RUN
GR/DLL/CNL/LDT
27. WAS WELL CORED
No

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
13-3/8" H-80	48.0#	355'	17-1/2"	500 sx H & C (1" to surface)	w/ 325 sx C)
9-5/8" J-55	36.0#	1620'	12-1/4"	1000 sx H, Poz & C (1" w/	300 sx "C")
7" K-55	26.6#	8500'	8-3/4"	575 sx Super-C Mod	None

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
N/A					2-7/8"	8356'	N/A

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	8356'	N/A

31. PERFORATION RECORD (Interval, size and number)
8014'-8346' 2 SPF w/4" csg gun (164 holes)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
8014'-8346'	8000 gals gelled 20% HCl w/80 BS.
8216'-8346'	500 gal 20% HCl acid.
7963'-8216'	11,500 gal 20% acid w/140 BS.

33. PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump)	WELL STATUS (Producing or shut-in)
12/30/97	Submersible pump	Producing

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL - BBL.	GAS - MCF.	WATER - BBL.	GAS - OIL RATIO
12/31/97	24	N/A		1510	2085	1523	1381

FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL - BBL.	GAS - MCF.	WATER - BBL.	OIL GRAVITY - API (CORR.)
N/A	BHP 1368#		1510	2085	1523	40.8

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Sold - Yates Petroleum
TEST WITNESSED BY

35. LIST OF ATTACHMENTS
C-104, Deviation Survey, Logs

36. I hereby certify that the foregoing and attached information is complete and correct as described herein.
SIGNED *James M. Cullough* TITLE *St. Production Clerk* DATE *Jan. 5, 1998*

ACCEPTED FOR RECORD
James M. Cullough
JAN 08 1998

* (See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES. (Show all important zones of porosity and contents thereof, cored intervals, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries).

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Cisco/Canyon (Dolomite)	8007	8392'	Oil/Gas/Water	San Andres	1230	1230
				Glorieta	2708	2708
				Yeso	2936	2936
				Bone Spring	4902	4902
				3rd BS Sand	7225	7225
				Wolfcamp	7706	7706
				Cisco/Canyon	7950	7950

38. GEOLOGIC MARKERS

RECEIVED
 JUN 9 - 6 A 11:32
 LAND MANAGEMENT
 MISSILE OFFICE

DECEMBER 16, 1997

WELL NAME AND NUMBER: NAGOOLTEE PEAK "5" FED #1³
 LOCATION: Sec. 5 T22S R24E
 OPERATOR: SANTA FE ENERGY RESOURCES
 DRILLING CONTRACTOR: PATTERSON DRILLING

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and that he has conducted deviation tests and obtained the following results:

DEGREE AND DEPTH		DEGREE AND DEPTH		DEGREE AND DEPTH	
1.75	148	0.75	4286	0.50	7044
0.75	238	1.25	4532	0.50	7315
0.75	355	0.75	4783	1.00	7608
1.00	580	1.00	5090	1.00	7888
1.00	825	1.00	5478	1.00	8266
1.25	1320	1.25	5757	0.25	8500
1.25	1813	1.75	5914		
1.00	2310	1.50	6132		
1.25	2787	1.00	6382		
0.75	3287	1.00	6604		
0.75	3790	0.75	6910		

Drilling Contractor: Patterson Drilling

By: Billy Jensen
 Billy Jensen

Subscribed and sworn to before me this 16th day of Dec. 1997.

My Commission Expires:
 June 30, 2001

Mary G. Henson
 Mary G. Henson

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
NOV 14 1995
OCT 6 11 18 AM '95
NM OIL & GAS COMMISSION
FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993
Artesia, NM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry for a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. Bandaid Federal #1
2. Name of Operator Santa Fe Energy Resources, Inc.	9. API Well No. Unknown 30015-26144
3. Address and Telephone No. 550 W. Texas, Suite 1330, Midland, TX 79701915/687-3551	10. Field and Pool, or exploratory Area Indian Basin (Upper Penn) Assoc.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) (C), 1294' FNL, & 2063' FWL, Sec. 5, T-22S, R-24E	11. County or Parish, State Eddy NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water
	(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

8/1/95: MIRU. Blow tbg and csg down.

8/2/95: Kill well w/10# brine. POOH w/tbg and SN. RIH w/7" cmt retainer to 7093', could not set retainer. Pull up to 7030', retainer would not set. Could not pull tension on retainer, POOH w/tbg. Retainer stayed in hole, do not know if set.

8/3/95: RIH w/stinger & tagged retainer @ 7145', sitting on top of liner @ 7154'. POOH, load hole w/250 bbls, casing on vacuum, could not load hole. WO 2nd 7" retainer. RIH w/retainer & set at 6950'. Load hole w/ 150 bbls, test retainer & casing to 500#, ok. Stung into retainer and pumped 150 sx C1 C cmt, sting out of retainer and pumped 50' cmt on top of retainer. BLM approved setting 2nd retainer on top of 1st.

8/4/95: RIH and free point 7" casing @ 6500', tag TOC at 6890'. RIH and cut csg off @ 6500'. Begin POOH w/7" csg. Shut down for weekend.

8/8/95: Finish pulling total of 168 jts 7". RIH w/tbg and spot 70 sx cmt plug @ 6575' (65' inside stub). POOH w/30 stds.

14. (I hereby certify that the foregoing is true and correct)
Signed Joe G. Lara Title Sr. Production Clerk Date October 5, 1995

(This space for Federal official use)
Approved by (ORIG. SCD.) JOE G. LARA Title PETROLEUM ENGINEER Date 11/9/95
Conditions of approval, if any: Approved as to plugging of the well bore.
Liability under bond is retained until
surface restoration is completed.

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.

Bandaid Fed. #1
Plugging
cont.

8/09/95: RIH w/tbg, tagged TOC @ 6165'. POOH w/88 jts. Spot 40 sx C1 "C" + 2% CaCl₂ at 4450'. POOH w/ 25 stds, wait 5 hrs. RIH and tagged top of cement plug @ 4292'. Spot 70 sx C1 "C" at 2575'. POOH w/ 25 stds. SDFN.

8/10/95: RIH and tagged TOC at 2386'. Spot 35 sx C1 "C" at 444'. POOH & LD 12 jts. Spot 15 sx C1 "C" from 60' to surface. SDFN.

8/11/95: Removed wellhead. Cut casing off, installed marker. Filled in cellar, removed dead men. Cleaned location.

Well plugged an abandoned. Job complete on 8/11/95.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONS COMMISSION
Drawer DD
Artesia, NM 88210

FORM APPROVED
Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
NM 81217

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
BAND AID FEDERAL

9. API Well No.
1

10. Field and Pool, or Exploratory Area
INDIAN BASIN

11. County or Parish, State
EDDY CO., N.M.

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Santa Fe Energy Operating Partners, L.P.

3. Address and Telephone No.
550 W. Texas, Suite 1330, Midland, Texas 79701

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2063' FWL & 1294' FNL, SEC.5, T-22-S, R-24-E

UT.C

12. CHECK APPROPRIATE BOX(S) 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"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Convert to WSW.</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

The subject well was temporarily abandoned in November of 1989, by the previous operator (Steve Sell). Santa Fe Energy Operating Partners, L.P., will utilize the upper well bore for water supply well purposes. Santa Fe will P&A the lower well bore by setting a plug above the existing perforations, pulling 7" production casing, setting a plug in the open hole section and across the 9-5/8" casing shoe. The 9-5/8" casing will be logged and fresh water zones will then be perforated and tested.

DEC 14 1994

The above work is to begin on or before February 20, 1995.

**SUBJECT TO
LIKE APPROVAL
BY STATE**

RECEIVED
NOV 25 11 26 AM '94

14. I hereby certify that the foregoing is true and correct

Signed Sherry McCallister Title Sr. Production Clerk Date 11/21/94

(This space for Federal or State office use)
Orig. Signed by Shannon J. Shaw

Approved by _____ Title PETROLEUM ENGINEER Date 12/13/94

Conditions of approval, if any: _____

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.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

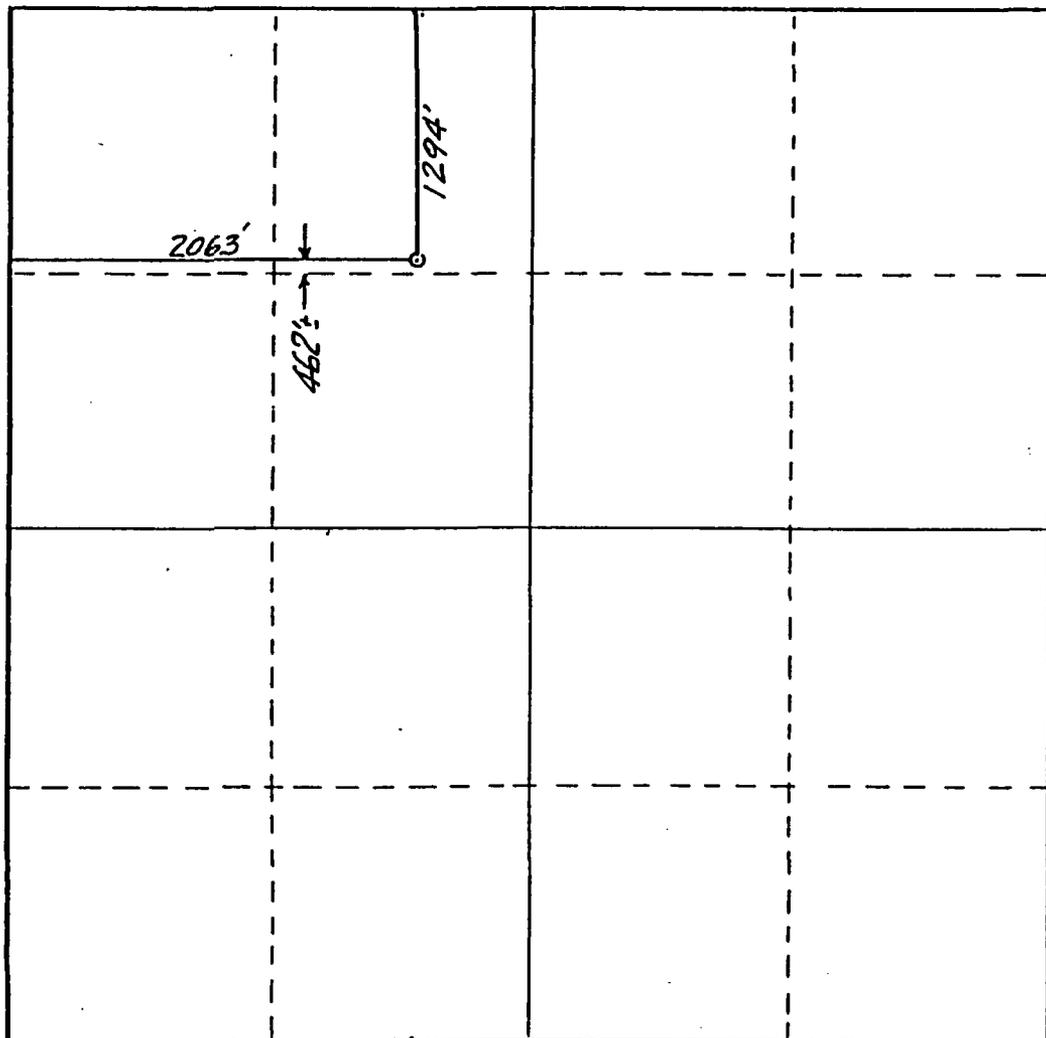
Operator Steve Sell		Lease Bandaid Federal		Well No. 1
Unit Letter C	Section 5	Township 22 South	Range 24 East	County Eddy County, N.M.
Actual Footage Location of Well: 1294 feet from the North line and 2063 feet from the West line				
Ground Level Elev. 4206.	Producing Formation Cisco Reef	Pool Indian Basin W/PENN	Dedicated Acreage: 692.88 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc? **N/A**

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Kurt Boley

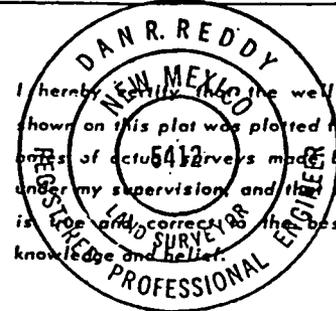
Name **Kurt Boley**

Position
Geologist

Company
Steve Sell

Date
March 8, 1989

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.



Date Surveyed
March 7, 1989

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.
NM PE&LS NO. 5412

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 0

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____
 b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR. Other Re-Entry

2. NAME OF OPERATOR
Santa Fe Energy Operating Partners, L.P.

3. ADDRESS OF OPERATOR
550 W. Texas, Suite 1330, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface (J), 1633' FSL and 1636' FEL, Sec. 5, T-22S, R-24E

At top prod. interval reported below

At total depth

14. PERMIT NO. 30-015-24713 DATE ISSUED _____

5. LEASE DESIGNATION AND SERIAL NO.
NM-81217

6. IF INDIAN ALLOTTEE OR TRIBE NAME _____

7. UNIT AGREEMENT NAME _____

8. FARM OR LEASE NAME
Nagooltee Peak 5 Federal

9. WELL NO. 1

10. FIELD AND POOL OR WILDCAT
Indian Basin Upper Penn

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Sec. 5, T-22S, R-24E

12. COUNTY OR PARISH
Eddy 13. STATE
NM

15. DATE SPUDDED Re-Entered 3-5-94 16. DATE T.D. REACHED NEW TD 3-26-94 17. DATE COMPL. (Ready to prod.) 4-11-94 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 4280.3' GR 19. ELEV. CASINGHEAD --

20. TOTAL DEPTH, MD & TVD 8565' NEW TD 21. PLUG, BACK T.D., MD & TVD 8471' 22. IF MULTIPLE COMPL., HOW MANY* N/A 23. INTERVALS DRILLED BY → ROTARY TOOLS All CABLE TOOLS N/A

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
8306'-8348' (Upper Penn) 25. WAS DIRECTIONAL SURVEY MADE
No

26. TYPE ELECTRIC AND OTHER LOGS RUN
DLL/MSFL; LDT/CNL 27. WAS WELL CORED
No

29. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	48#	310'	17-1/2"	Circ'd w/ 845 sx	None
8-5/8"	32#	2550'	12-1/4"	Circ'd w/ 1115 sx	None
5-1/2"	15.5 & 17#	8564'	7-7/8"	670 sx Cl "H"	None

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
N/A				

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	8079'	N/A

31. PERFORATION RECORDED (Interval, size and number)
8306'-8348' (23 holes)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
<u>8306'-8348'</u>	<u>3350 gals 20% NEFe acid w/ 42 ball sealers</u>

33. PRODUCTION

DATE FIRST PRODUCTION 4-11-94 PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Submersible Pump WELL STATUS (Producing or shut-in) SI

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
<u>4-14-94</u>	<u>22</u>	<u>32/64"</u>	<u>→</u>	<u>487</u>	<u>395</u>	<u>785</u>	<u>811</u>

NEW TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
<u>190</u>	<u>400</u>	<u>→</u>	<u>531</u>	<u>431</u>	<u>856</u>	<u>40.8°</u>

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Vented during test - SI waiting on sales connection TEST WITNESSED BY _____

35. LIST OF ATTACHMENTS
Logs, Deviation Survey, C-104

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Terry McCullough TITLE Sr. Production Clerk DATE 4-20-94

*(See Instructions and Spaces for Additional Data on Reverse Side)

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER RE-ENTER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Santa Fe Energy Operating Partners, L.P.

3. ADDRESS OF OPERATOR
 550 W. Texas, Suite 1330, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface (J), 1636' FEL and 1633' FSL, Sec. 5, T-22S, R-24E
 At proposed prod. zone

5. FARM OR LEASE NAME
 Nagooltee Peak 5 Fed

6. WELL NO.
 1

7. FIELD AND POOL, OR WILDCAT
 Indian Basin (Upper Penn)

8. SEC. T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 5, T-22S, R-24E

9. COUNTY OR PARISH 10. STATE
 Eddy NM

11. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 17 miles West of Carlsbad, New Mexico

12. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)
 1633'

13. NO. OF ACRES IN LEASE
 600'

14. NO. OF ACRES ASSIGNED TO THIS WELL
 320

15. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 2835'

16. PROPOSED DEPTH
 8600'

17. ROTARY OR CABLE TOOLS
 Rotary

18. ELEVATIONS (Show whether DF, RT, GR, etc.)
 4280.3' GR

19. APPROX. DATE WORK WILL START*
 ASAP

ACTUAL ~~PROPOSED~~ CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"		310'	Circ w/ 845 sx - in place
11"	8-5/8"		2550'	Circ w/ 1115 sx - in place
7-7/8"	5-1/2"	15.5 & 17.0	8600'	Est TOC @ 6000'

Santa Fe Energy Operating Partners, L.P. proposes to rig up a drilling rig to re-enter the Discovery Operating well, the Walt Canyon 5 Federal No. 1, which was plugged and abandoned on June 7, 1984. We plan to drill out plugs to 7300' and sidetrack around a 4-1/2" casing stub at 7266'-8005'. Our proposed total depth is 8600' and will be completed per the attached procedure.

Mud Program: Will utilize a fresh water mud system containing Drispac to control the water loss.

BOP Program: BOP's and Hydril will be installed at the beginning of the re-entry and will be tested daily.

OTD-8010

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Daniel Pobato TITLE Sr. Drilling Engineer DATE July 27, 1993

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY Scott Powers TITLE AREA MANAGER DATE 11-4-93

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS
 ATTACHED

*See Instructions On Reverse Side

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

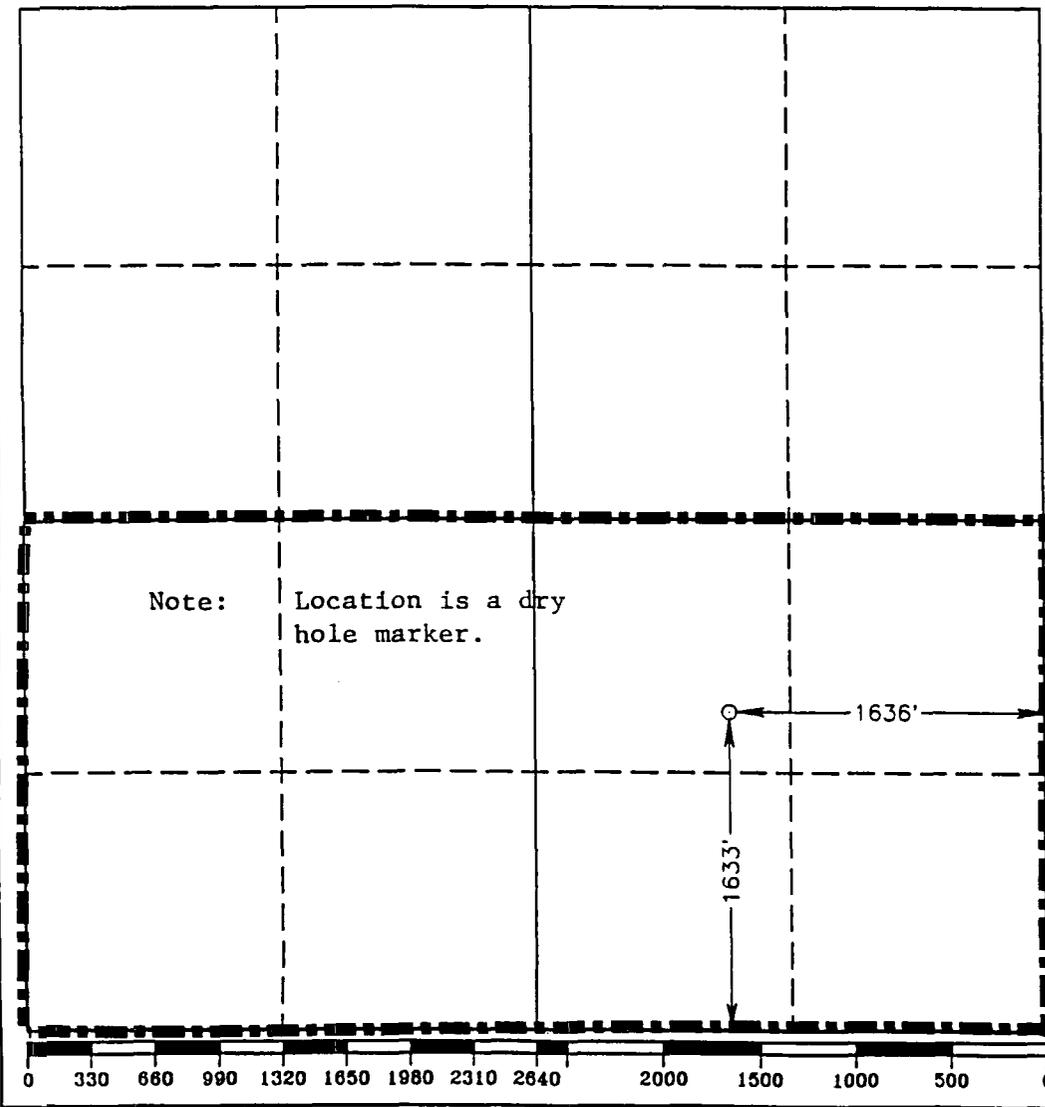
Operator SANTA FE ENERGY OPERATING PARTNERS, L.P.		Lease NAGOOLTEE PEAK "5" FEDERAL		Well No. 1
Unit Letter J	Section 5	Township 22 SOUTH	Range 24 EAST NMPM	County EDDY

Actual Footage Location of Well:
 1633 feet from the SOUTH line and 1636 feet from the EAST line

Ground Level Elev. 4280.3'	Producing Formation Upper Penn	Pool Indian Basin (Upper Penn)	Dedicated Acreage: 320 Acres
-------------------------------	-----------------------------------	-----------------------------------	---------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
 No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Darrell Roberts*
 Printed Name: Darrell Roberts
 Position: Sr. Drilling Engineer
 Company: Santa Fe Energy Operating Partners, L.P.
 Date: July 27, 1993

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: JUNE 17, 1993

Signature & Seal of Professional Surveyor

878
 3239
 7977
 93-1125

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-104

Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

5 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Santa Fe Energy Resources, Inc. 550 W. Texas, Suite 1330 Midland, TX 79701		APR 18 1997	² OGRID Number 020305
⁴ API Number 30-015-28074		³ Pool Name Indian Basin (Upper Penn) Assoc.	⁶ Pool Code NW
⁷ Property Code 016774	⁸ Property Name Nagooltee Peak "5" Federal		⁹ Well Number G 2

II. ¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
E	5	22S	24E		1562	North	1202	West	Eddy

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County

¹² Lse Code F	¹³ Producing Method Code P	¹⁴ Gas Connection Date 4/11/97	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date
-----------------------------	--	--	-----------------------------------	------------------------------------	-------------------------------------

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
138648	Amoco Pipeline ICT 502 Northwest Ave. Levelland, TX 79336	2811465	O	(N), Sec. 8, T-22S, R-24E Indian Basin Central Battery
025561	Yates Petroleum 105 So. 4th Artesia, NM 88210	2811466	G	(N), Sec. 8, T-22S, R-24E Indian Basin Central Battery

IV. Produced Water

²³ POD	²⁴ POD ULSTR Location and Description
-------------------	--

V. Well Completion Data

²⁵ Spud Date WO 3/21/97	²⁶ Ready Date WO 4/11/97	²⁷ TD 8465'	²⁸ PBSD 8060'	²⁹ Perforations 7831' - 7980'
³⁰ Hole Size	³¹ Casing & Tubing Size	³² Depth Set	³³ Sacks Cement	
17-1/2"	13-3/8" H-40	385'	1000 sx RFC & C (circ'd)	
12-1/4"	9-5/8" K-55	2490'	1350 sx RFC & C (circ'd)	
8-3/4"	7" K-55	8465'	650 sx "H" (TOC @ 7957')	
	2-7/8"	8012'		

VI. Well Test Data

³⁴ Date New Oil 4/11/97	³⁵ Gas Delivery Date 4/11/97	³⁶ Test Date 4/12/97	³⁷ Test Length 24 hrs.	³⁸ Tbg. Pressure 600	³⁹ Csg. Pressure 600
⁴⁰ Choke Size N/A	⁴¹ Oil 14	⁴² Water 2096	⁴³ Gas 1124	⁴⁴ AOF N/A	⁴⁵ Test Method Submersible

⁴⁶ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Terry McCullough*
 Printed name: Terry McCullough
 Title: Sr. Production Clerk
 Date: 4/15/97 Phone: 915/687-3551

OIL CONSERVATION DIVISION	
Approved by:	ORIGINAL SIGNED BY TIM W. GUM
Title:	DISTRICT II SUPERVISOR
Approval Date:	APR 28 1997

⁴⁷ If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature	Printed Name	Title	Date

NM OIL CONS. COMMISSION
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*

(Other instructions on reverse side)

30-015-28074

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

RECEIVED DIVISION

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE O. C. D.

2. NAME OF OPERATOR
 Santa Fe Energy Operating Partners, L.P. ✓

3. ADDRESS AND TELEPHONE NO.
 550 W. Texas, Suite 1330, Midland, TX 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface: 1562' FNL and 1202' FWL, Sec. 5, T-22S, R-24E
 At proposed prod. zone: *Ut. E*

5. LEASE DESIGNATION AND SERIAL NO.
 NM-81217 - *52 not*

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 Nagooltee Peak "5" Federal

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 Nagooltee Peak "5" Federal

9. A# WELL NO.
 2

10. FIELD AND POOL, OR WILDCAT
 Indian Basin (Upper Pen) *AS 302*

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 5, T-22S, R-24E *33685*

12. COUNTY OR PARISH
 Eddy

13. STATE
 NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 16 3/4 Miles West of Carlsbad

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
 1,202 Ft. .6 mi. N/East

16. NO. OF ACRES IN LEASE
 692.88

17. NO. OF ACRES ASSIGNED TO THIS WELL
 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 7,350 Ft.

19. PROPOSED DEPTH
 8400'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 4313' GR

22. APPROX. DATE WORK WILL START*
 July 1, 1994

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48.00 H-40	350'	400 sx to circulate
12-1/4"	9-5/8"	36.0 K-55	2500'	1200 sx to circulate
8-3/4"	7"	26.0 K-55	8400'	TOC at 6000'

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A- Operations Plan
- Exhibit B- BOP and Choke
- Exhibit C- Drilling Fluid Program
- Exhibit D- Auxiliary Equipment
- Exhibit E- Topo Map of Location

- Exhibit F- Plat Showing Existing Wells
- Exhibit G- Well Site Layout
- Surface Use and Operations Plan
- H2S Drilling Operations Plan

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Daniel Polito TITLE Sr. Drilling Engineer DATE June 3, 1994

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____ APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

(ORIG. SGD.) RICHARD L. MANUS

AREA MANAGER

APPROVED BY _____ TITLE _____ DATE AUG 22 1994

* PENDING NSL APPROVAL

*See Instructions On Reverse Side

DISTRICT I

P. O. Box 1980
 Hobbs, NM 88240

DISTRICT II

P. O. Drawer DD
 Artesia, NM 88210

OIL CONSERVATION DIVISION

P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT III

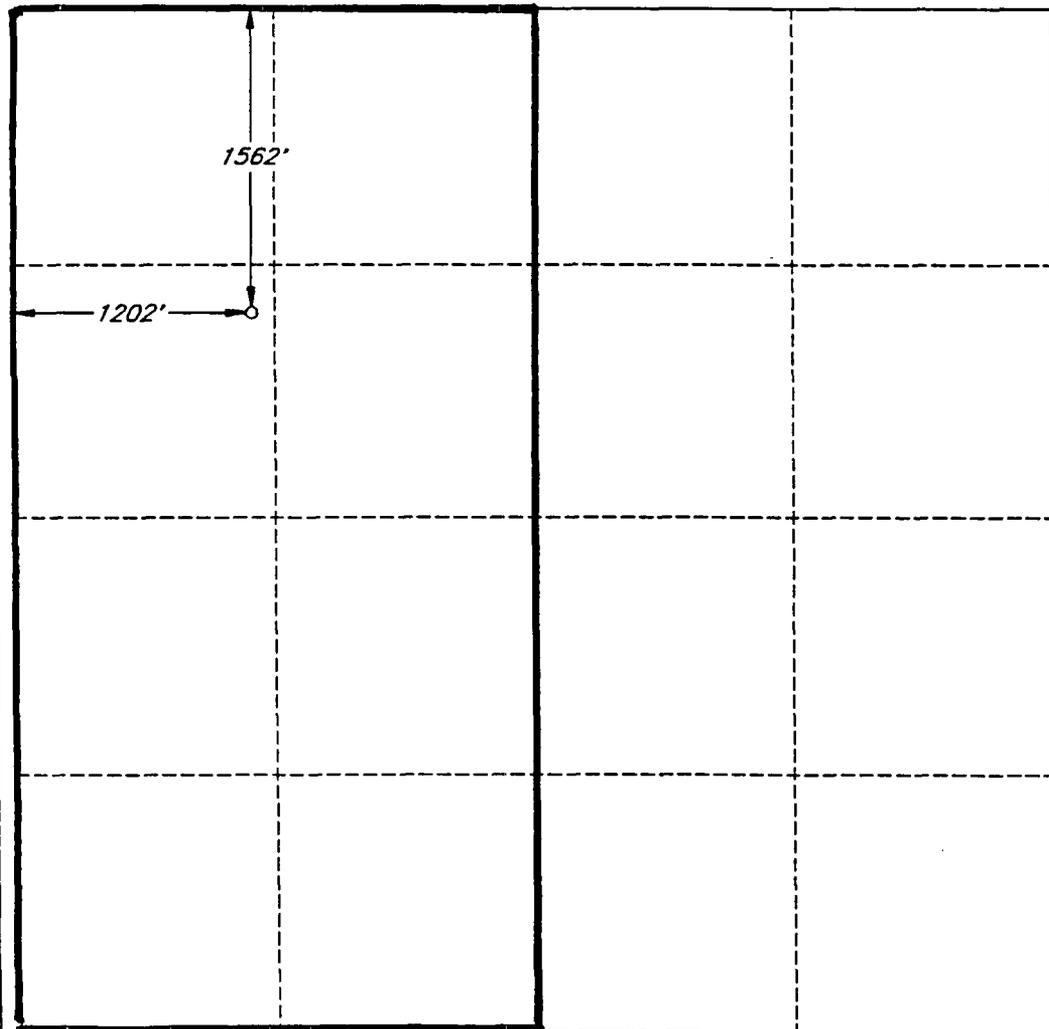
1000 Rio Brazos Rd
 Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the section.

Operator SANTA FE ENERGY OPER. PART., L.P.			Lease NAGDOOLTEE PEAK '5' FEDERAL			Well No. 2		
Unit Letter E	Section 5	Township 22 SOUTH	Range 24 EAST, N.M.P.M.	County EDDY				
Actual Footage Location of Well								
1562 feet from the NORTH line and			1202 feet from the WEST line					
Ground Level Elev. 4313'	Producing Formation Cisco/Canyon		Pool Indian Basin (Upper Penn)			320 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all the owners been consolidated by communitization, unitization, forced-pooling, etc.?
 - Yes No If answer is "yes", type of consolidation _____
 - If the answer is "no", list the owners and tract descriptions which have actually been consolidated. (Use the reverse side of this form if necessary.) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief.

Signature
Darrell Roberts
 Printed Name
Darrell Roberts
 Position
Division Drilling Eng.
Company Santa Fe Energy,
Operating Partners, L.P.
 Date
June 2, 1994

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
MARCH 2, 1994
 Signature and Seal of Professional Surveyor
V. L. Bezner
V. L. BEZNER
NO. 7920
 Certificate No.
V. L. BEZNER R.P.S. #7920
V.H.B. / 32020 / 51NE

WRS COMPLETION REPORT

COMPLETIONS SEC 5 TWP 22S RGE 24E
 30-T-0017 06/26/98 30-015-29900-0000 PAGE 1

NMEX EDDY * 1230FSL 800FWL SEC
 STATE COUNTY FOOTAGE SPOT
 OPERATOR SANTA FE ENERGY D DO
 WELL NO. 3 NAGOOOTEE PEAK '5' FEDERAL WELL CLASS INIT FIN
 LEASE NAME LEASE NO. INDIAN BASIN
 OPER ELEV API 30-015-29900-0000
 LEASE NO. PERMIT OR WELL I.D. NO.
 11/18/1997 12/31/1997 ROTARY VERT OIL
 SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS
 8500 PNSLVN U PATTERSON DRLG 49
 PROJ. DEPTH PROJ. FORM CONTRACTOR
 DTD 8500 PB 8427 FM/TD CSCO-CYN
 DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

LOCATION DESCRIPTION

17 MI W CARLSBAD, NM

CASING/LINER DATA

CSG 13 3/8 @ 355 W/ 500 SACKS
 CSG 9 5/8 @ 1620 W/ 1000 SACKS
 CSG 7 @ 8500 W/ 575 SACKS

TUBING DATA

TBG 2 7/8 AT 8356

INITIAL POTENTIAL

IPP1510BOPD 2085 MCFD1523BW 24HRS
 CSCO-CYN PERF W/ 2/FT 8014- 8346
 PERF 8014- 8346
 ACID 8014- 8346 8000GALS
 ACID 8216- 8346 20% HCL
 500GALS
 ACID 7963- 8216 11500GALS 20% HCL
 20%
 GTY 40.8 GOR 1381
 FIELD /RESERVOIR
 /PENNSYLVANIAN U

ADDTVGELA

CONTINUED IC# 300157063397



COMPLETIONS SEC 5 TWP 22S RGE 24E
 30-T-0017 06/26/98 30-015-29900-0000 PAGE 2

SANTA FE ENERGY D DO
 3 NAGOOTTEE PEAK '5' FEDERAL

TYPE	FORMATION	LTH	TOP	DEPTH/SUB	BSE	DEPTH/SUB
LOG	SN ANDRS		1230	3117		
LOG	GLORIETA		2708	1639		
LOG	YESO		2936	1411		
LOG	BONE SPG		4902	-555		
LOG	BONE SP3		7225	-2878		
LOG	WOLFCAMP		7706	-3359		
LOG	CSCO-CYN		7950	-3603		

SUBSEA MEASUREMENTS FROM GR

LOGS AND SURVEYS /INTERVAL, TYPE/

LOGS	GR	DLL	CNL
LOGS	LDT		

DRILLING PROGRESS DETAILS

SANTA FE ENERGY
 550 W TEXAS STE 1330
 MIDLAND, TX 79701
 915-687-3551

09/26 LOC/1997/
 11/21 DRLG 355
 12/02 DRLG 4630
 12/09 DRLG 7255
 12/18 8500 TD, PB 8427, WOCT

06/22 TD REACHED 12/12/97 RIG REL 12/15/97
 8500 TD, PB 8427
 COMP 12/30/97, IPP 1510 BOPD, 2085 MCFGPD,
 1523 BWPD, GTY 40.8, GOR
 1381
 PROD ZONE - PENNSYLVANIAN U 8014-8346
 NO CORES OR DSTS RPTD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
311 S. 1st Street
Albuquerque, NM 88210-2834

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993
Case Designation and Serial No.

SP

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT - " for such proposals

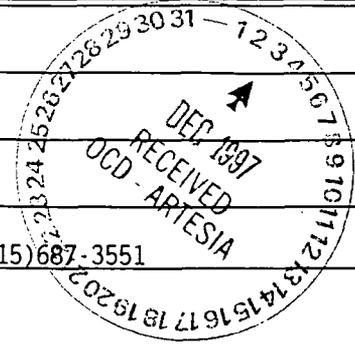
SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Santa Fe Energy Resources, Inc.

3. Address and Telephone No.
550 W. Texas, Suite 1330, Midland, TX 79701 (915) 687-3551

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
(M), 1230' FSL and 800' FWL, Sec. 5, T-22S, R-24E



NM-81217

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Nagooltee Peak "5"
Federal #3

9. API Well No.
30-015-29900

10. Field and Pool, or exploratory Area
Indian Basin (Upper Penn)

11. County or Parish, State
Eddy NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Spud & set casing</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

11/18/97: Spud 17-1/2" hole at 5:00 p.m. Drlg ahead.

11/19/97: Drilling.

11/20/97: TD 17-1/2" hole (Depth 355'). RU casing crew and ran 8 jts 13-3/8" 48.0# H-80 ST&C casing and set at 355'. RU BJ and cement w/ 100 sx Cl "H" containing 10# Gilsonite, 2% CaCl2, and 1/2 pps Celloflake. Tail w/ 400 sx Cl "C" + 2% CaCl2. Plug down at 12:00 p.m., did not circulate. WOC. Jim Amos w/ BLM on location. RIH w/ 1", tag centralizer @ 140'. Cement thru 1" w/ 200 sx Cl "C" + 3% CaCl2, did not circulate. WOC. RIH w/ 1" to 140', pumped 50 sx Cl "C" + 6% CaCl2, cmt did not circ. WOC. RIH w/ 1" to 80', pumped 50 sx Cl "C" + 4% CaCl2, cmt did not circ. WOC. RIH w/ 1" to 47', pumped 25 sx Cl "C" + 3% CaCl2, plug down at 12:00 a.m. 11/21/97. Circ'd to surface.

11/21/97: WOC. Cut casing off and weld on flow nipple. Patterson Drilling working on mouse hole. PU BHA and TIH. Drld cmt plug 305'-355'. Work on mouse hole.

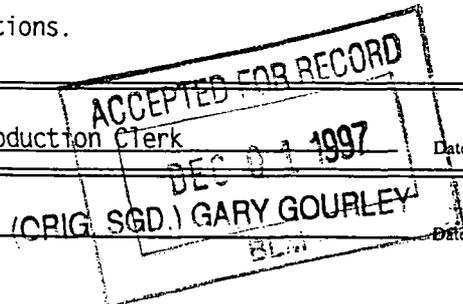
11/22/97: Work on mouse hole. Resume drilling operations.

14. I hereby certify that the foregoing is true and correct.

Signed Gary Gourley Title Sr. Production Clerk Date 11/25/97

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any: _____



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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Santa Fe Energy Resources, Inc. **20305**

3. ADDRESS AND TELEPHONE NO.
 550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
 At surface (M) 1230' FSL & 800' FWL **wtm**
 At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.
 NM 81217

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 Nagooltee Peak "5" Fed #3 **16774**

9. API WELL NO.
30-015-29900

10. FIELD AND POOL, OR WILDCAT
 Indian Basin (Upper Penn)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 5, T-22-S, R-24-E **79040**

12. COUNTY OR PARISH
 Eddy

13. STATE
 New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 16 3/4 miles west of Carlsbad, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 800'

16. NO. OF ACRES IN LEASE
 640

17. NO. OF ACRES ASSIGNED TO THIS WELL
 320

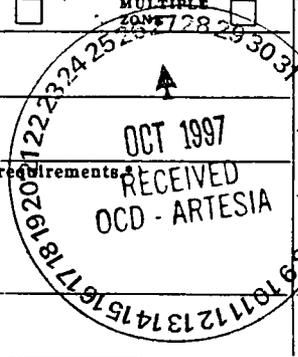
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 2520

19. PROPOSED DEPTH
 8500'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 '4347' GR

22. APPROX. DATE WORK WILL START*
 October 25, 1997



23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 3/4"	K-55 9 5/8"	36#	1600'	775 sx to circulate
8 3/4"	K-55 7"	26#	8500'	400 sx to circulate

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. If non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

NSL -

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan
- H2S Drilling Operations Plan

RECEIVED
 1997 SEP 24 A 9:17
 BUREAU OF LAND MANAGEMENT
 ROSWELL OFFICE

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No.: MT 0750

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED James B. "Bill" Houston TITLE Agent for Santa Fe Energy DATE 9-22-97

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY (ORIG. SGD.) JOHN S. SIMITZ TITLE Acting ADM. MINERALS DATE 10-23-97

*See Instructions On Reverse Side

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

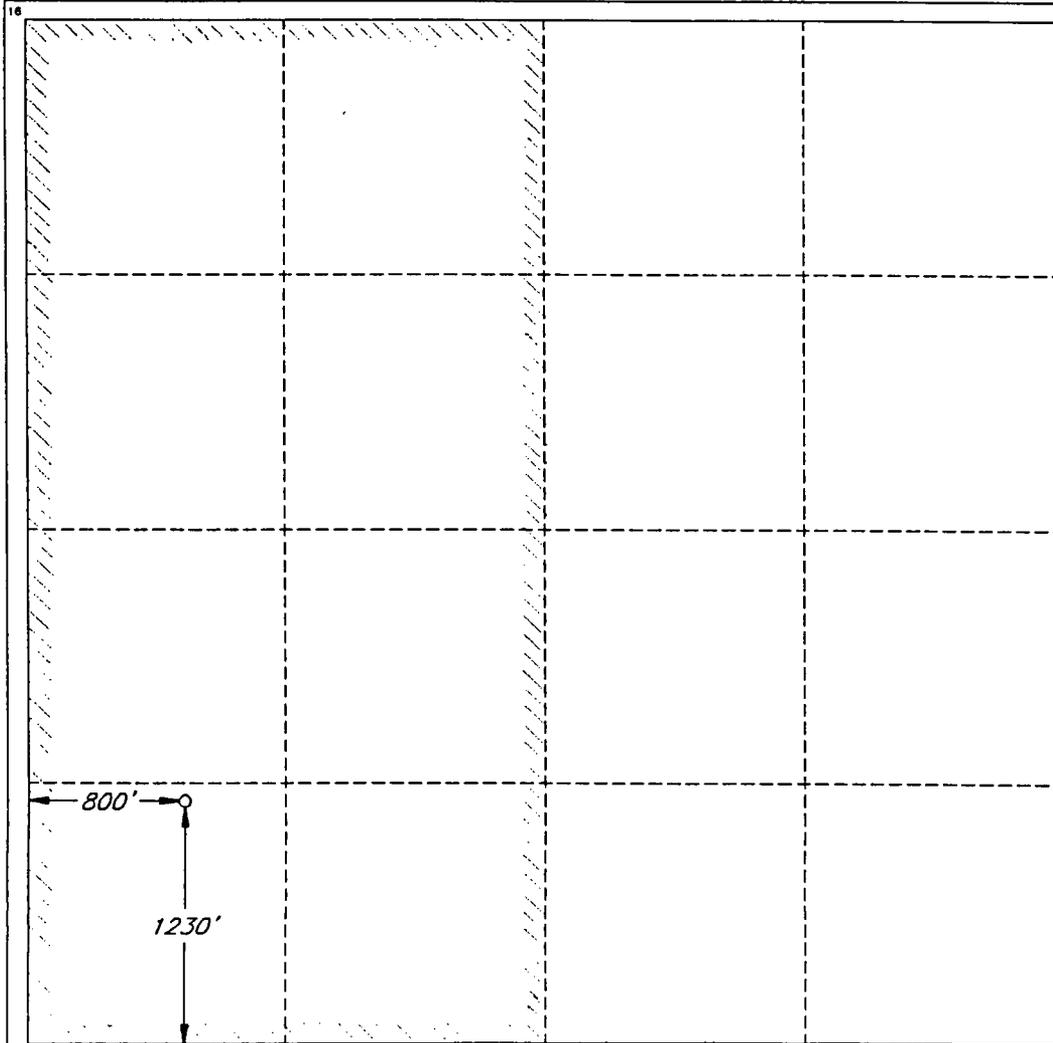
DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-29900		2 Pool Code 79040		3 Pool Name Indian Basin (Upper Penn)					
4 Property Code		5 Property Name NAGDOLTEE PEAK '5' FEDERAL					6 Well Number 3		
7 OGRID No.		8 Operator Name SANTA FE ENERGY RESOURCES, INC.					9 Elevation 4347'		
10 SURFACE LOCATION									
UL or lot no. M	Section 5	Township 22 SOUTH	Range 24 EAST, N.M.P.M.	Lot Ida	Feet from the 1230'	North/South line SOUTH	Feet from the 800'	East/West line WEST	County EDDY
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James P. "Phil" Stinson*
 Printed Name: James P. "Phil" Stinson
 Title: Agent for Santa Fe Energy
 Date: 9.22.97

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: SEPTEMBER 8, 1997

Signature and Seal of Professional Surveyor:
Roger M. Robbins
 Certificate No.: ROGER M. ROBBINS, P.S. #12128

JOB # 54019 / 51 NE / JSJ

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL

DEEPEN

b. TYPE OF WELL

OIL WELL

GAS WELL

OTHER

SINGLE ZONE

MULTIPLE ZONE

2. NAME OF OPERATOR

Santa Fe Energy Resources, Inc.

20305

3. ADDRESS AND TELEPHONE NO.

550 W. Texas, Suite 1330; Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with State requirements.)*

At surface
(Lot 2) 610' FNL & 1900' FEL

At proposed prod. zone

Unit B

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

16 3/4 miles west of Carlsbad, New Mexico

10. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

610'

16. NO. OF ACRES IN LEASE

640-652.88

17. NO. OF ACRES ASSIGNED TO THIS WELL

320-372.88

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

2394'

19. PROPOSED DEPTH

8500'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

'4248' GR

22. APPROX. DATE WORK WILL START*

October 26, 1998

23.

PROPOSED CASING AND CEMENTING PROGRAM

CARLSBAD CONTROLLED WATER BASIN

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 3/4"	K-55 9 5/8"	36#	1600'	775 sx to circulate
8 3/4"	K-55 7"	26#	8500'	400 sx to circulate

WITNESS

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. if non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan
- H2S Drilling Operations Plan

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No. ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED James P. Phil' Anderson

TITLE Agent for Santa Fe Energy

DATE 10-5-98

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

Application approval 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.
CONDITIONS OF APPROVAL, IF ANY:

Acting Assistant Field Office Manager,
Lands and Minerals

APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ

TITLE _____

DATE _____

NOV 04 1998

*See Instructions On Reverse Side

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

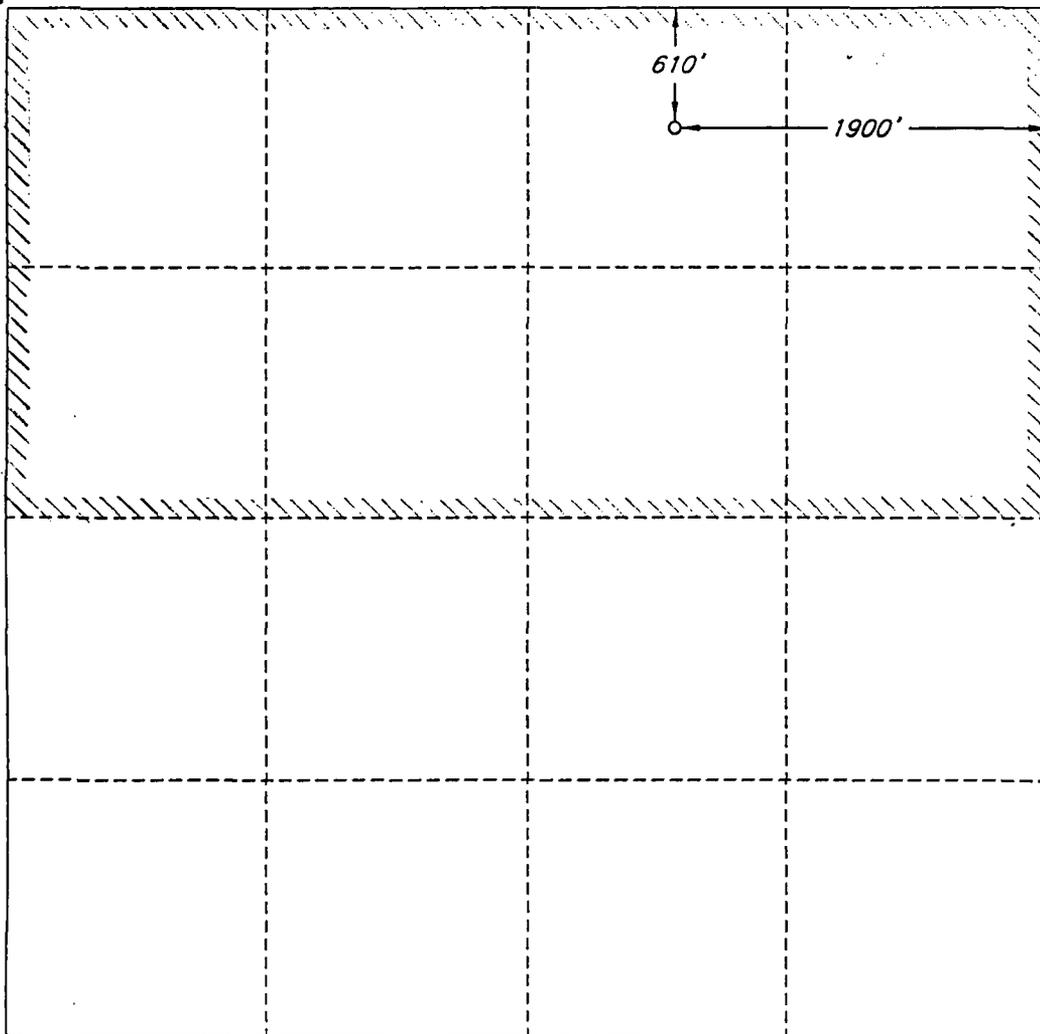
AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Indian Basin (Upper Penn)					
4 Property Code		5 Property Name NAGQOLTEE PEAK '5' FEDERAL COM					6 Well Number 4		
7 OGRID No. 20305		8 Operator Name SANTA FE ENERGY RESOURCES, INC.					9 Elevation 4248'		
10 SURFACE LOCATION									
UL or lot no. LOT 2	Section 5	Township 22 SOUTH	Range 24 EAST, N.M.P.M.	Lot Ida	Feet from the 610'	North/South line NORTH	Feet from the 1900'	East/West line EAST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 349.00 520		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James P. "Phil" Stinson*
 Printed Name: James P. "Phil" Stinson
 Title: Agent for Santa Fe Energy
 Date: 10/05/98

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: SEPTEMBER 16, 1998

Signature and Seal of Professional Surveyor: *Roger M. Robbins*

Certificate No. ROGER M. ROBBINS P.S. #12128

JOB #60438 / 51 NE / V.H.B.

TRANSMITTAL COVER SHEET

**OIL CONSERVATION DIVISION
ENGINEERING BUREAU
(505) 827-7131 (OFFICE)
(505) 827-1389 (FAX)**

*to
John Stogner
Michael E. Stogner
James Bruce
2-1-99*

PLEASE DELIVER THIS FAX TO:

TO: James Bruce

FROM: Michael E. Stogner (505) 827-8185

SUBJECT: Santa Fe Energy Resources, Inc.'s Magoo 1/4 Peak 5 Fed Com #5

DATE: 2-1-99

PAGES: 2 (INCLUDING COVER SHEET)

IF YOU HAVE ANY PROBLEMS RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 1, 1999

Santa Fe Energy Resources, Inc.
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

RE: Administrative application of Santa Fe Energy Resources, Inc. to drill its Nagoolte Peak "5" Federal Com. Well No. 5 (API No. 30-015-30558) at an unorthodox gas well location 2045 feet from the South line and 2200 feet from the West line (Unit K) of Section 5, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico. The existing standard 320-acre spacing and proration unit within the Indian Basin-Upper Pennsylvanian Associated Pool comprising the S/2 of Section 5 is to be dedicated to this well.

Dear Mr. Bruce:

In reviewing the subject application I find that additional data is needed to properly prepare an administrative order. There appear to be six wells within Section 5 that are drilled to and/or completed within the Upper Pennsylvanian interval. For each of these wells please indicate its status, proper dedicated acreage (with a copy of each C-102), and any previous order associated with the well.

Thank you for your assistance in this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad

2/8/99 | 3/1/99 | MS | NW | NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

104

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

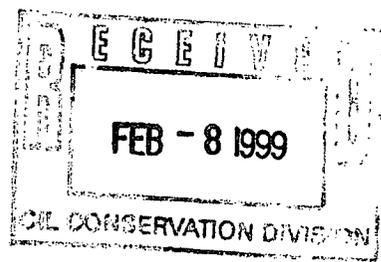
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
Signature

Attorney for Applicant
Title

2/8/99
Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 8, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.F(2) and 104.D(2), Santa Fe Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox location and non-standard proration unit for the following well:

Nagoolte Peak "5" Fed. Com. Well No. 4
610 feet FSL & 1900 feet FEL
N½ §5, Township 22 South, Range 24 East, NMPM
Eddy County, New Mexico

Santa Fe plans to drill the well to a depth sufficient to test the Upper Pennsylvanian formation (Indian Basin-Upper Pennsylvanian Associated Pool). Under Order No. R-9922, as amended, well spacing is 320 acres, with wells to be no closer than 660 feet to the outer boundary of the unit, and no closer than 330 feet to a quarter-quarter section line. An APD and Form C-102 for the well are attached as Exhibits A and B.

The proposed location is based on topographic and geologic reasons. Attached as Exhibit C is a topographic map. The Bureau of Land Management required Santa Fe to move the well slightly north of an orthodox location to stay in the center of the flat area marked by the 4200' contour line. Attached as Exhibit D is a structure map of the Cisco/Canyon dolomite, showing that a well at the proposed location has a favorable structural position, thus minimizing the risk involved in drilling the well.

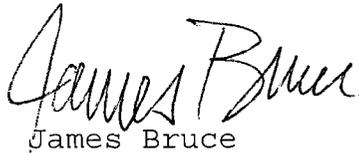
Attached as Exhibit E is a land plat of the area. Santa Fe operates all of Section 32 to the north, and is the only affected offset. As a result, notice has not been mailed to anyone.

The N½ of Section 5 is comprised of Lots 1-4 and the S½N½, comprising 372.88 acres, and thus Santa Fe requests a non-standard proration unit for the well.

In connection with an unorthodox location application for the Nagoolte Peak "5" Fed. Com. Well No. 5, you requested additional information on certain wells in Section 5. A copy of my response letter is attached to this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL DEEPEN

b. TYPE OF WELL
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Santa Fe Energy Resources, Inc.

3. ADDRESS AND TELEPHONE NO.
550 W. Texas, Suite 1330; Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with the requirements.)
At surface (Lot 2) 610' FNL & 1900' FEL
At proposed prod. zone
Unit B

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
16 3/4 miles west of Carlsbad, New Mexico

16. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
610'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
2394'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
'4248' GR

5. LEASE DESIGNATION AND SERIAL NO.
NM 81217
6. IF INDIAN, ALLOTTED OR TRIBE NAME
7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME, WELL NO.
Nagooltee Peak "5" Fed Com #4
2.38.54
9. WELL NO.
30-015-30488
10. FIELD AND POOL, OR WILDCAT
Assoc
Indian Basin (Upper Perm) 33685
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 5, T-22-S, R-24-E
12. COUNTY OR PARISH 13. STATE
Eddy NM

17. NO. OF ACRES ASSIGNED TO THIS WELL
320-372088

19. NO. OF ACRES IN LEASE
640-652.88
20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START*
October 26, 1998

23. PROPOSED CASING AND CEMENT CARLSBAD CONTROLLED WATER BASIN					
SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	
12 3/4"	K-55 9 5/8"	36#	1600'	775 sk to circulate	WITNESS
8 3/4"	K-55 7"	26#	8500'	400 sk to circulate	TOC @ 6000'

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. if non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

- Drilling Program
- Exhibit A - Operations Plan
 - Exhibit B - BOP and Choke Schematic
 - Exhibit C - Drilling Fluid Program
 - Exhibit D - Auxiliary Equipment
 - Exhibit E - Topo Map at Location

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan
- H2S Drilling Operations Plan

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No. ATTACHED

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

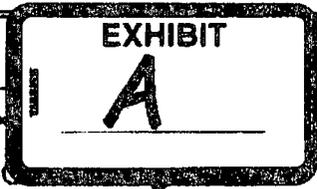
SIGNER James P. "Blut" Johnson TITLE Agent for Santa Fe Energy DATE 10-5-98

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the land to be drilled or deepened. Applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:
Acting Assistant Field Office
Lands and Minerals
APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ TITLE _____ DATE NOV 04 1998



*See Instructions On Reverse Side

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

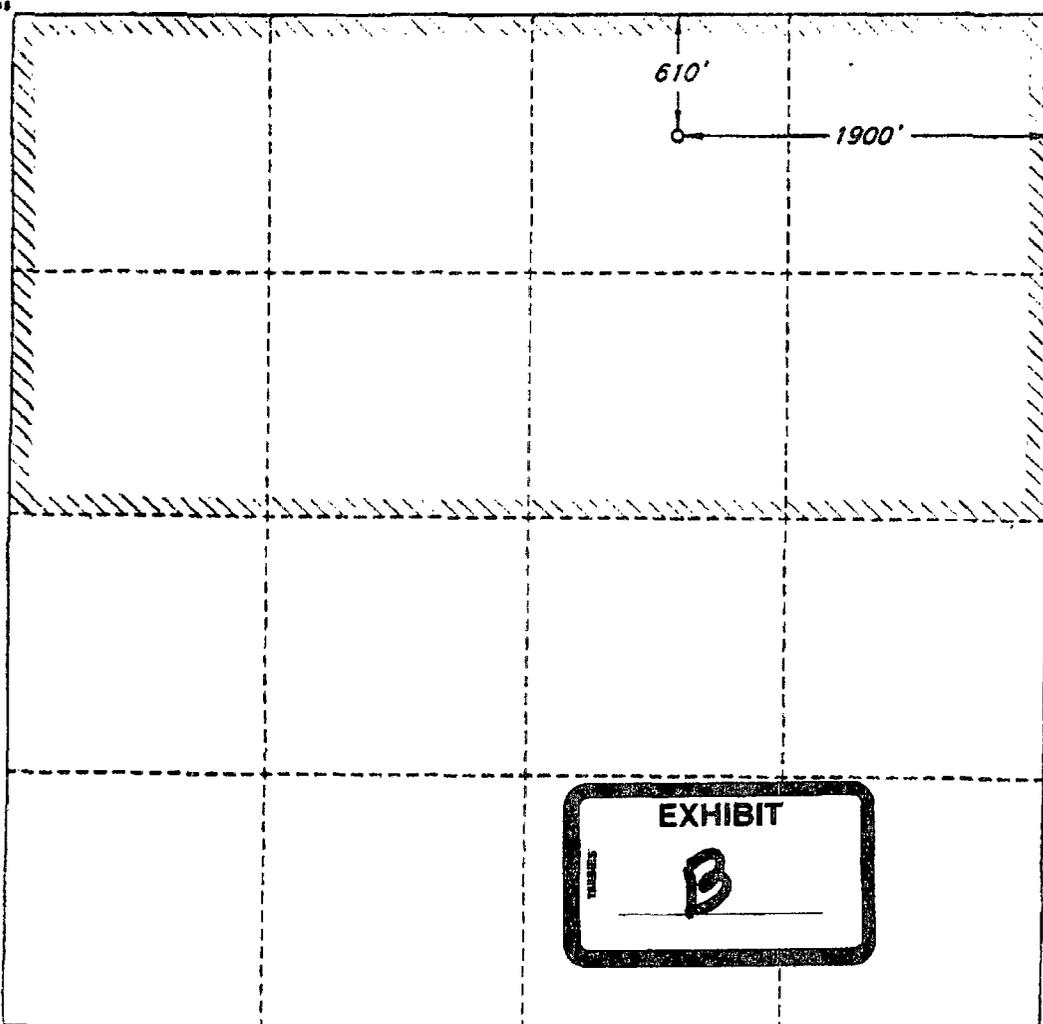
AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Indian Basin (Upper Penn)					
4 Property Code		5 Property Name NAGDOLTEE PEAK '5' FEDERAL COM						6 Well Number 4	
7 OGRID No. 20305		8 Operator Name SANTA FE ENERGY RESOURCES, INC.						9 Elevation 4248'	
10 SURFACE LOCATION									
UL or lot no. LOT 2	Section 5	Township 22 SOUTH	Range 24 EAST, N.M.P.M.	Lot Ida	Feet from the 610'	North/South line NORTH	Feet from the 1900'	East/West line EAST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 3.48		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James P. Stinson*

Printed Name: James P. "Phil" Stinson

Title: Agent for Santa Fe Energy

Date: 10/05/98

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: SEPTEMBER 15, 1998

Signature and Seal of Professional Surveyor: *Roger M. Robbins*
 REGISTERED SURVEYOR
 STATE OF NEW MEXICO
 12128
 Certificate No. ROBBINS P.S. #12128

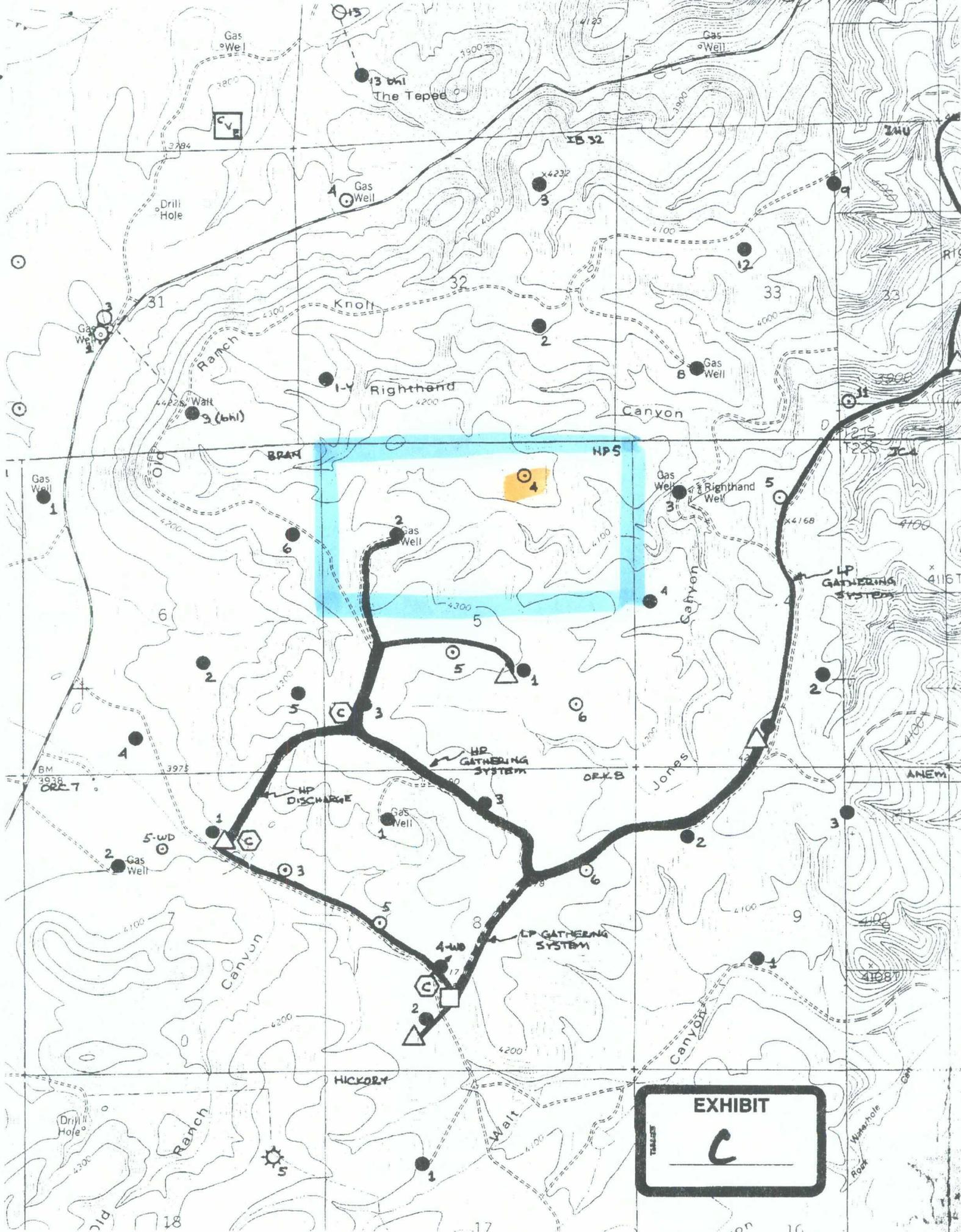
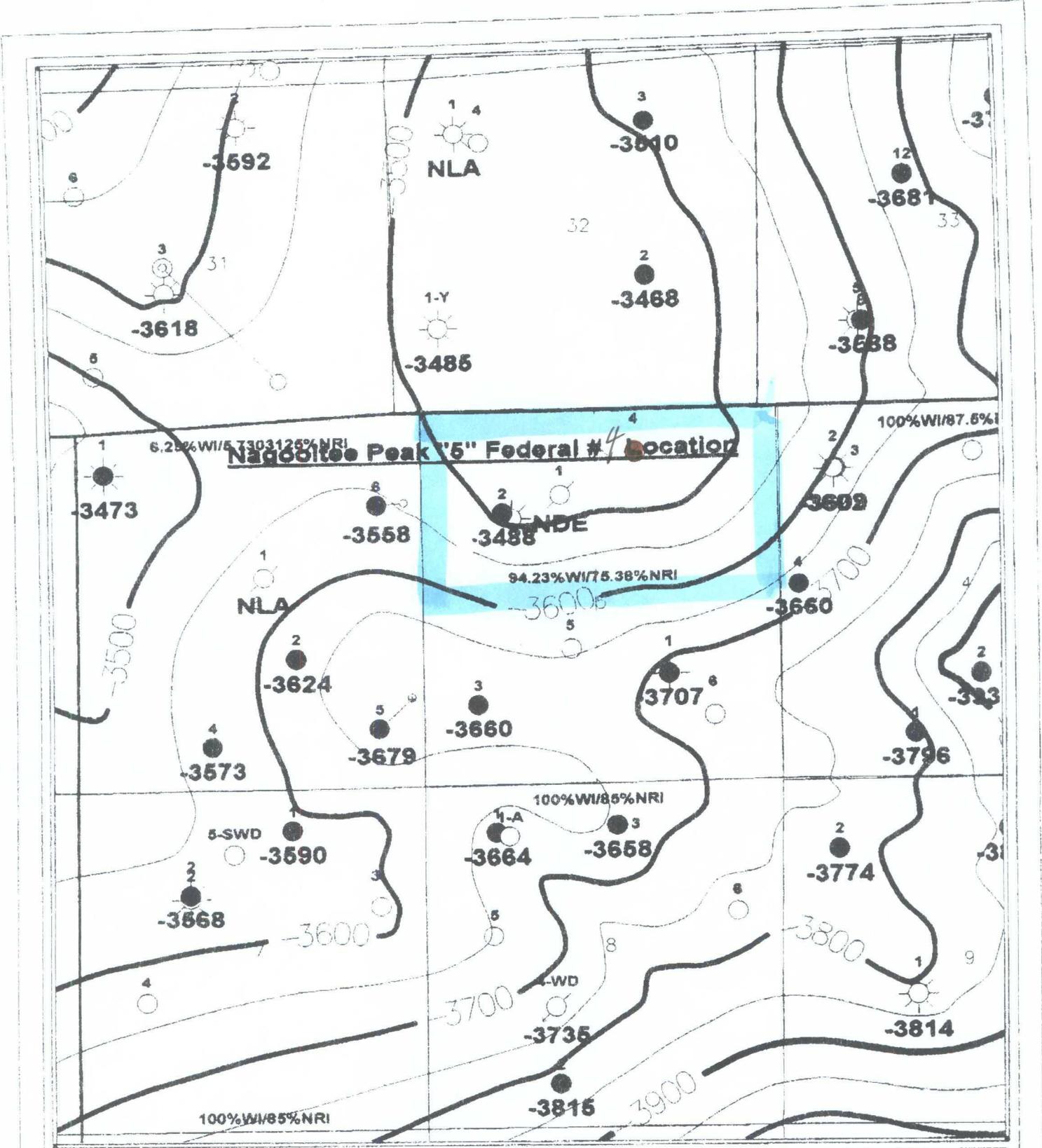


EXHIBIT
C



Nagobito Peak #5 Federal #4 location

NDE

94.23%WI/75.38%NRI

NLA

100%WI/85%NRI

100%WI/85%NRI

4-WD

5-SWD

3700

3800

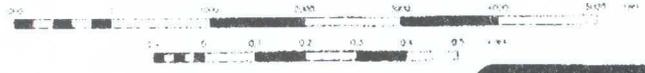
3900

3500

6.25%WI/6.7303125%NRI

100%WI/87.6%NRI

Scale 1:24,000



Santo Fe Energy Resources, Inc.		
Nagobito #5 Federal #4 location Area Structure Top of Cacao Canyon Subarea		
Project No.	Drawn By	Checked By
Date	Scale	Units

EXHIBIT
D

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

#3

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

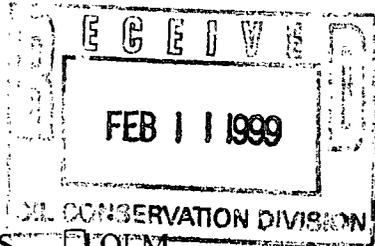
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
Signature

Attorney for Applicant
Title

2/11/99
Date

Print or Type Name

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 11, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Santa Fe Energy Resources, Inc. ("Santa Fe") applies for administrative approval of an unorthodox location for the following well:

Nagoolte Peak "5" Fed. Com. Well No. 3
1230 feet FSL & 800 feet FWL
S½ §5, Township 22 South, Range 24 East, NMPM
Eddy County, New Mexico

Santa Fe has drilled and completed the well in the Indian Basin-Upper Pennsylvanian Associated Pool. Under Order No. R-9922, as amended, well spacing is 320 acres, with wells to be no closer than 660 feet to the outer boundary of the unit, and no closer than 330 feet to a quarter-quarter section line. An APD and Form C-102 for the well are attached as Exhibits A and B.

The location is based on topographic reasons. Attached as Exhibit C is a topographic map. The Bureau of Land Management required Santa Fe to move the well north from an orthodox location to stay near an existing road (to minimize surface disturbance), and in the center of the flat area marked by the 4300' contour line.

Attached as Exhibit D is a land plat of the area. Santa Fe operates all of Section 5, and is the only affected offset. As a result, notice has not been mailed to anyone.

In connection with an unorthodox location application for the Nagoolte Peak "5" Fed. Com. Well No. 5, you requested additional information on certain wells in Section 5. A copy of my response letter is attached to this application.

Please note that this well has been drilled and completed. A copy of the completion report is attached as Exhibit E. We do not know why an application for an unorthodox location was not previously filed. This application is submitted to correct that error.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Santa Fe
Energy Resources, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL

DEEPEN

b. TYPE OF WELL

OIL WELL

GAS WELL

OTHER

SINGLE ZONE

MULTIPLE ZONE

2. NAME OF OPERATOR

Santa Fe Energy Resources, Inc.

20305

3. ADDRESS AND TELEPHONE NO.

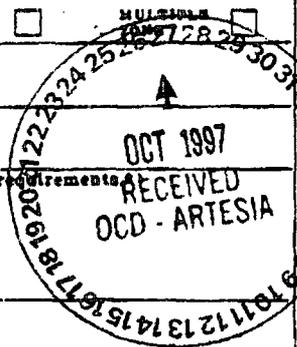
550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

At surface (M) 1230' FSL & 800' FWL

At proposed prod. zone

wt. m



5. LEASE DESIGNATION AND SERIAL NO.
NM 81217

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARMOR LEASE NAME, WELL NO.
Nagooltee Peak "5" Fed #3

9. AP WELL NO.
16774

10. FIELD AND POOL, OR WILDCAT
34

Indian Basin (Upper Perm)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
79040

Sec. 5, T-22-S, R-24-E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
16 3/4 miles west of Carlsbad, New Mexico

12. COUNTY OR PARISH 13. STATE
Eddy New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)
800'

16. NO. OF ACRES IN LEASE
640

17. NO. OF ACRES ASSIGNED TO THIS WELL
320

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
2520

19. PROPOSED DEPTH
8500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
'4347' GR

22. APPROX. DATE WORK WILL START*
October 25, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 3/4"	K-55 9 5/8"	36#	1600'	775 sk to circulate
8 3/4"	K-55 7"	26#	8500'	400 sk to circulate

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. if non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

NSL -

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan
- H2S Drilling Operations Plan

RECEIVED
1997 SEP 24 A 9:17
BUREAU OF LAND MANAGEMENT
ROSWE

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No.: MT 0750

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED James P. "Al" Johnson TITLE Agent for Santa Fe Energy DATE 9-22-97

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the land to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:



APPROVED BY (ORIG. SGD.) JOHN S. SIMITZ TITLE Acting ADM. MINERALS DATE 10-23-97

*See Instructions On Reverse Side

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Revised 02-10-94
Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P. O. Box 8088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

AMENDED REPORT

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-29900		2 Pool Code 33685		3 Pool Name Indian Basin (upper Penn) ASSOC.	
4 Property Code 016774		5 Property Name NAGDOOLTEE PEAK '5' FEDERAL			6 Well Number 3
7 OGRD No. 020305		8 Operator Name SANTA FE ENERGY RESOURCES, INC.			9 Elevation 4347'

" SURFACE LOCATION

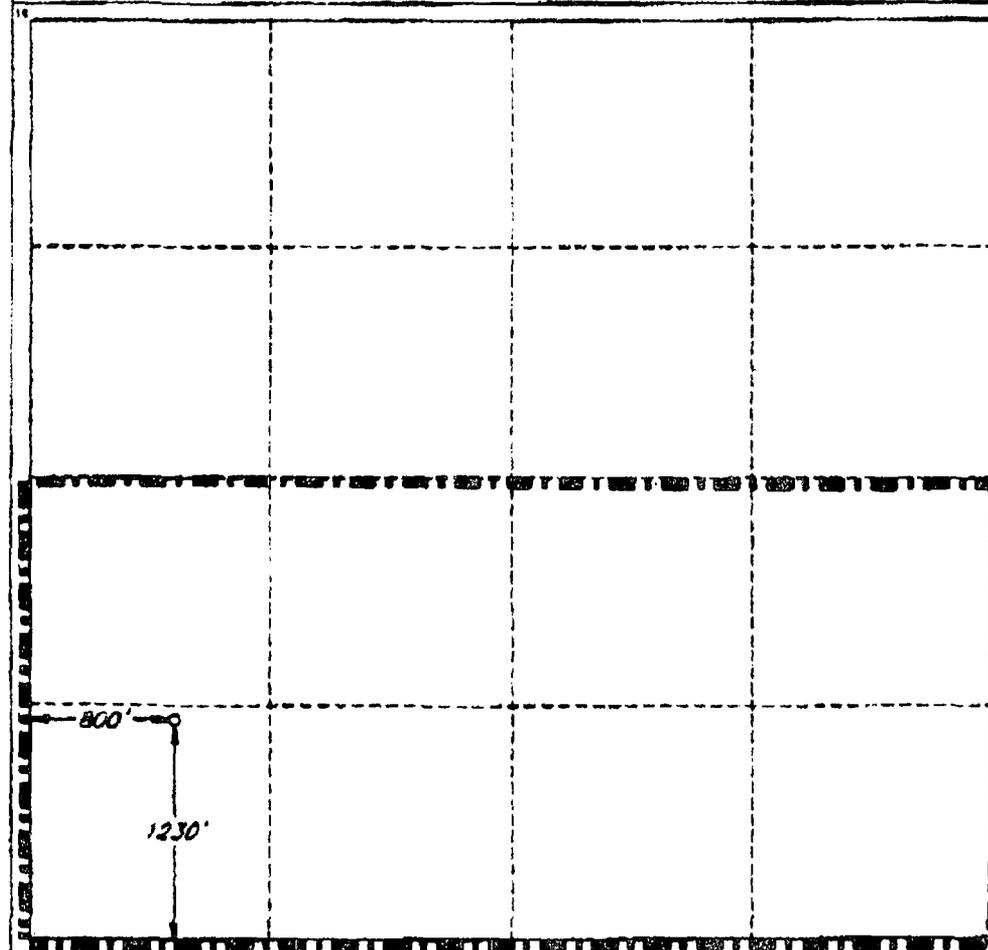
UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the North/South line	Feet from the East/West line	County
M	5	22 SOUTH	24 EAST, N.M.P.M.		1250'	800'	EDDY

" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the North/South line	Feet from the East/West line	County

10 Dedicated Acres 320	11 Joint or Infill	12 Consolidation Code	13 Order No.
---------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Terry McCullough*

Printed Name
Terry McCullough

Title
Sr. Production Clerk

Date
February 5, 1999

SURVEYOR CERTIFICATION

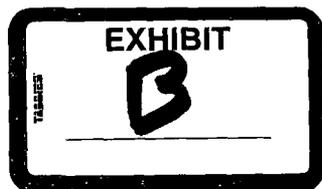
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
SEPTEMBER 8, 1997

Signature and Seal (201)
Professional Surveyor
Roger M. Robbins

Certification No.
ROGER M. ROBBINS, P.S. #12128

JOB # 34019 / 51 NE / JSJ



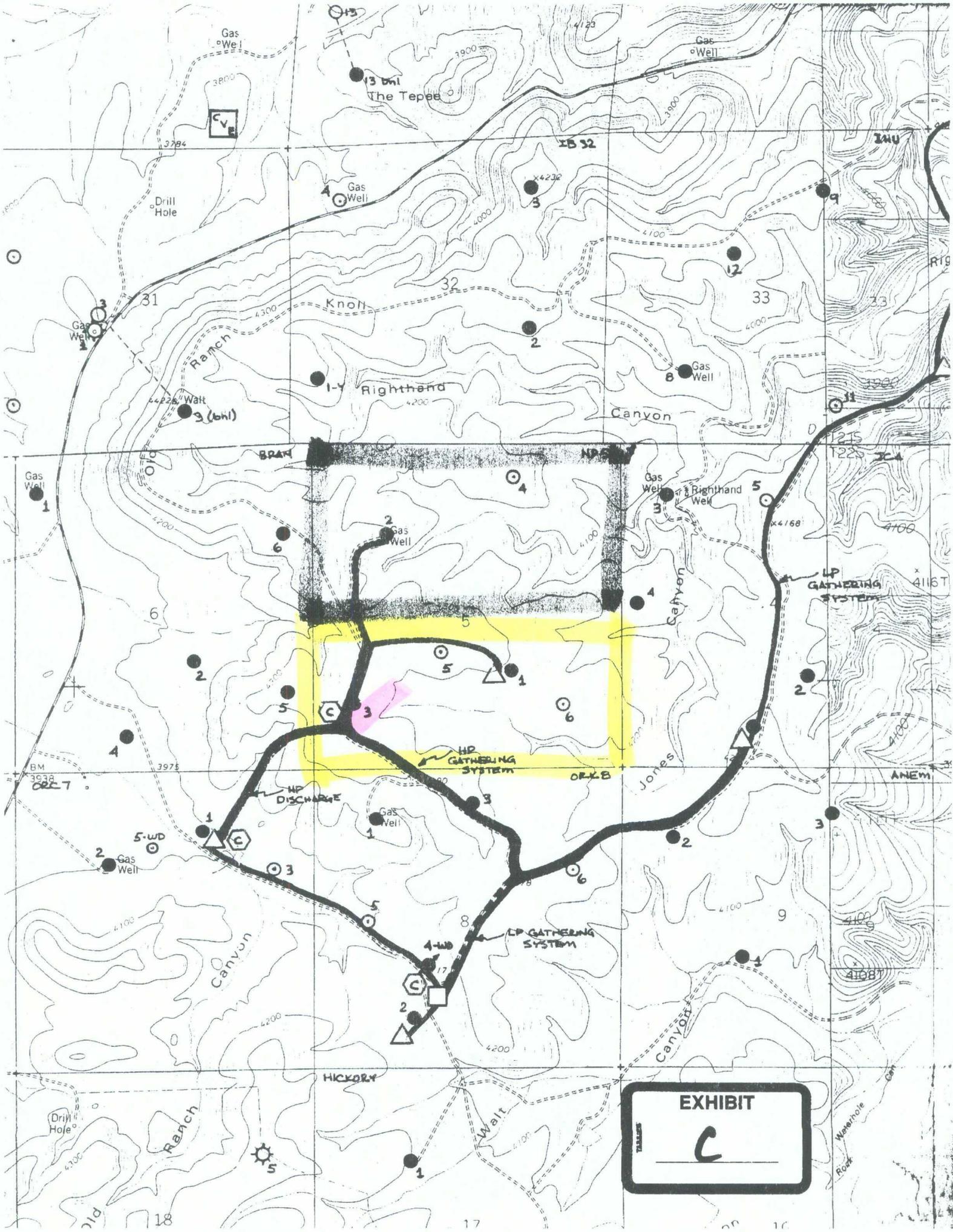
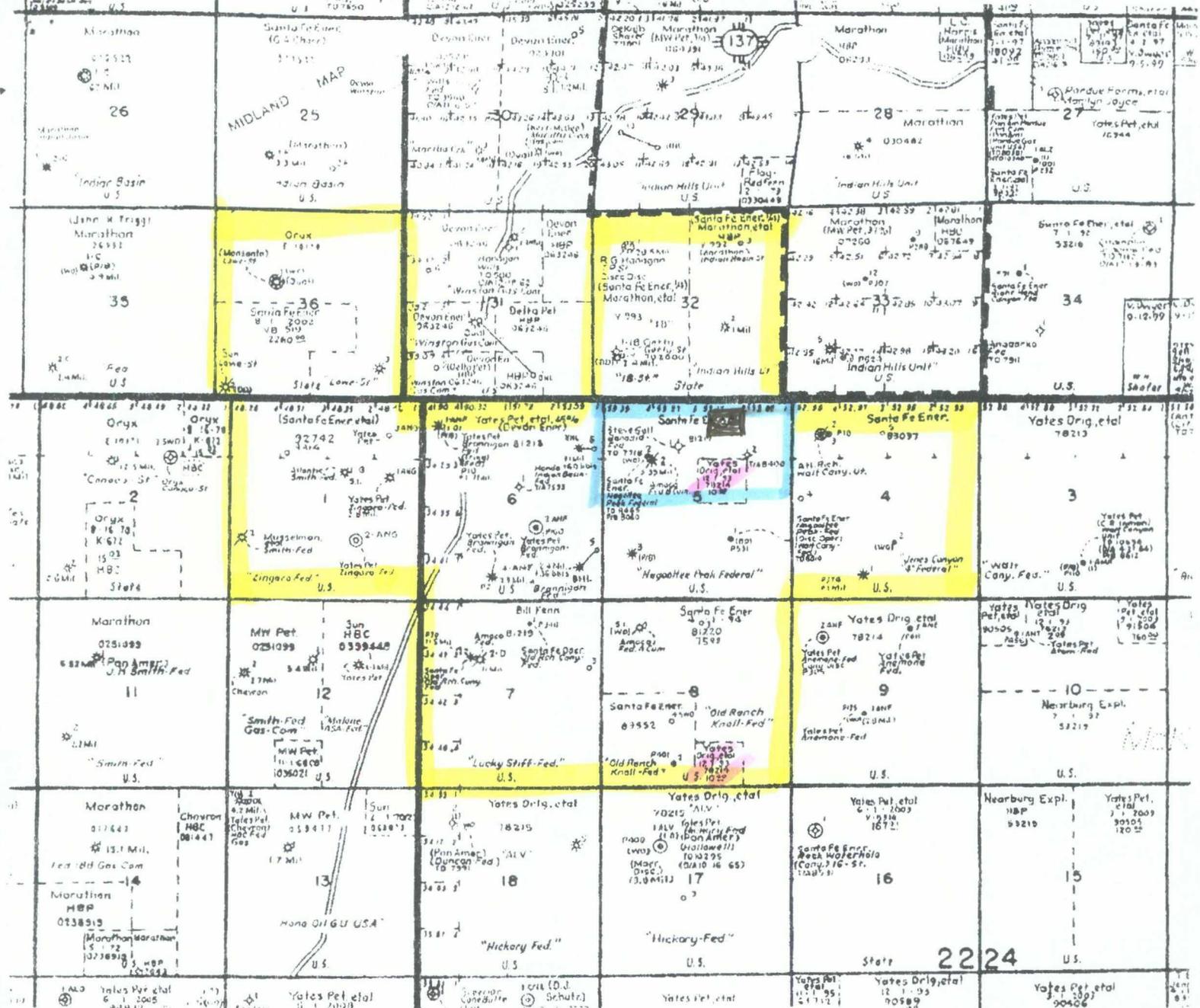


EXHIBIT
C



NAGOOOTEE PEAK
 "5" FED COM No. 4
 610' FNL + 1900' FEL
 Section 5, T-22-S, R-24-E

SFER, INC. Acreage

Yates, et al (Santa Fe-operated)

Santa Fe Energy Resources, Inc.
Central Division
Midland, Texas

EDDY COUNTY, NEW MEXICO

SAGINAW PROSPECT

DATE: 12/10/98

EXHIBIT

E

Form 3160-4 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OPERATIONAL SURMIT IN DUPLICATE

(See other instructions on reverse side)

FORM APPROVED (OMB NO. 1004-0137) Expires February 28, 1995

1. LEASE DESIGNATION AND SERIAL NO.

NM-81217

2. IF INDIAN, ALLOTTEE OR TRIBE NAME

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

3. TYPE OF WELL: OIL WELL [X] GAS WELL [] DRY [] Other []

4. TYPE OF COMPLETION: NRW WELL [X] WORK OVER [] DEEP EN [] PLUG BACK [] LIFT. DRIVE [] Other []

5. NAME OF OPERATOR: Santa Fe Energy Resources, Inc.

6. ADDRESS AND TELEPHONE NO.: 550 W. Texas, Suite 1330, Midland, TX 79701

7. LOCATION OF WELL: (M) 1230' FSL and 800' FWL, Sec. 5, T-225, R-24E

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.: Nagpootee Peak "5" Federal #3

9. API WELL NO.: 30-015-29900

10. FIELD AND BOULDER OR WILDCAT

Indian Basin (Upper Penn) Assoc

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 5, T-225, R-24E

12. COUNTY OR PARISH: Eddy 13. STATE: NM

15. DATE SPUDDED: 11/18/97 16. DATE T.D. REACHED: 12/12/97 17. DATE COMPL. (Ready to prod.): 12/30/97 18. ELEVATIONS (OF, RKB, BT, OR, ETC.): 4347' GR 19. ELEV. CANNONHEAD

20. TOTAL DEPTH, MD & TVD: 8500' 21. PLUG, BACK T.D., MD & TVD: 8427' 22. IF MULTIPLE COMPL., HOW MANY?: N/A 23. INTERVALS DRILLED BY: ROTARY TOOLS: All CABLE TOOLS: N/A

24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD): 8014' - 8346' (Upper Penn) 25. WAS DIRECTIONAL SURVEY MADE: No

26. TYPE ELECTRIC AND OTHER LOGS RUN: GR/DLL/CNL/LDT 27. WAS WELL CORED: No

Table with 6 columns: CASING BEGRADE, WEIGHT, LB./FT., DEPTH SET (MD), HOLE SIZE, TOP OF CEMENT, CEMENTING RECORD, AMOUNT PULLED. Rows include 13-3/8" H-80, 9-5/8" J-55, 7" K-55.

Table with 8 columns: SIZE, TOP (MD), BOTTOM (MD), SACKS CEMENT, SCREEN (MD), SIZE, DEPTH SET (MD), PACKER SET (MD). Row includes 2-7/8" size, 8356' depth set.

Table with 2 columns: 31. PERFORATION RECORD (Interval, size and number) and 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. (DEPTH INTERVAL (MD) and AMOUNT AND KIND OF MATERIAL USED). Rows include 8014'-8346' 2 SPF w/4" csg gun (164 holes) and acid treatments.

Table with 8 columns: DATE FIRST PRODUCTION, PRODUCTION METHOD, WELL STATUS, DATE OF TEST, HOURS TESTED, CROCK SIZE, PROD'N FOR TEST PERIOD, OIL - BBL, GAS - MCF, WATER - BBL, GAS - OIL RATIO. Includes production data for 12/30/97.

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.): Sold - Yates Petroleum TEST WITNESSED BY

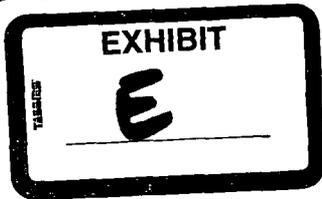
35. LIST OF ATTACHMENTS: C-104, Deviation Survey, Logs

36. I hereby certify that the foregoing well related information is complete and correct as furnished from all sources. SIGNED: [Signature] TITLE: Sr. Production Clerk DATE: Jan. 5, 1998

ACCEPTED FOR RECORD [Signature]

(See Instructions and Spaces for Additional Data on Reverse Side)

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.



37. SUMMARY OF POROUS ZONES. (Show all important zones of porosity and contents thereof, core intervals; and all first-seen, last, including depth interval tested, casing used, time tool open, flowing and shut-in pressures, and recoveries).

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Cisco/Canyon (Dolomite)	8007	8392'	Oil/Gas/Water	San Andres	1230	1230
				Glorieta	2708	2708
				Yeso	2936	2936
				Bone Spring	4902	4902
				3rd BS Sand	7225	7225
				Holcamp	7706	7706
				Cisco/Canyon	7950	7950

RECORDED
 1989 JAN -6 A 11:32
 ZOLA D. TRENKLE
 DISTRICT MANAGER

DECEMBER 16, 1997

WELL NAME AND NUMBER: NAGOOOTEE PEAK "5" FED #1 ³
 LOCATION: Sec. 5 T22S R24E
 OPERATOR: SANTA FE ENERGY RESOURCES
 DRILLING CONTRACTOR: PATTERSON DRILLING

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and that he has conducted deviation tests and obtained the following results:

DEGREE AND DEPTH		DEGREE AND DEPTH		DEGREE AND DEPTH	
1.75	148	0.75	4286	0.50	7044
0.75	238	1.25	4532	0.50	7315
0.75	355	0.75	4783	1.00	7608
1.00	580	1.00	5090	1.00	7888
1.00	825	1.00	5478	1.00	8266
1.25	1320	1.25	5757	0.25	8500
1.25	1813	1.75	5914		
1.00	2310	1.50	6132		
1.25	2787	1.00	6382		
0.75	3287	1.00	6604		
0.75	3790	0.75	6910		

Drilling Contractor: Patterson Drilling

By: B. Jensen
 Billy Jensen

Subscribed and sworn to before me this 16th day of Dec. 1997.

My Commission Expires:
 June 30, 2001

Mary G. Hanson
 Mary G. Hanson