

Attached to and made a part of that certain Operating Agreement dated May 1st, 1996 by and between Santa Fe Energy Resources, Inc., as Operator, and Southwestern Energy Production Company, as non-operator.

Revised 4/21/97

I. CONTRACT AREA "A" - INITIAL WELL:

T22S-R34E

Section 29: N/2 Limited to depths from the surface to the base of the Morrow
Lea County, New Mexico Formation

Gaicho Unit No. 1 Well located 1650' FNL & 1650' FEL,
Section 29, T-22-S, R-34-E, Lea County, New Mexico

INTEREST OF PARTIES IN CONTRACT AREA "A":

<u>INITIAL WELL:</u>	<u>GAUCHO UNIT NO. 1 WELL</u>
<u>Company</u>	<u>WI</u>
Santa Fe Energy Resources, Inc. 550 West Texas, Suite 1330 Midland, Texas 79701	50.0%
Southwestern Energy Prod. Company 5600 North May Ave. Suite 200 Oklahoma City, Oklahoma 73112-3979	50.0%
	100.0%

II. CONTRACT AREA "B" - FIRST SUBSEQUENT WELL:

T22S-R34E:

Section 29: S/2 Limited to depths from the surface to the base of the Morrow
Formation
Lea County, New Mexico

Gaicho Unit No. 2 Well located 1650' FSL & 1650' FWL,
Section 29, T-22-S, R-34-E, Lea County, New Mexico

INTEREST OF PARTIES IN CONTRACT AREA "B":

<u>INITIAL WELL:</u>	<u>GAUCHO UNIT NO. 2 & 2-Y WELLS</u>	
<u>Company</u>	<u>WI (BPO 300%)</u>	<u>WI (APO 300%)</u>
Santa Fe Energy Resources, Inc. 550 West Texas, Suite 1330 Midland, Texas 79701	45.3125%	25.00%

<u>INITIAL WELL:</u>	<u>GAUCHO UNIT NO. 2 & 2-Y WELLS</u>	
<u>Company</u>	<u>WI (BPO 300%)</u>	<u>WI (APO 300%)</u>
Southwestern Energy Prod. Co. 5600 North May Ave. Suite 200 Oklahoma City, Oklahoma 73112-3979	45.3125%	25.00%
Amerada Hess Corporation P.O. Box 2040 Houston, Texas 77252-2040	-0.1%	12.50%
Robert E. Landreth 505 N. Big Spring Suite 507 Midland, TX 79701	9.3750%	37.50%
	100.00%	100.00%



EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated May 1st, 1996 by and between Santa Fe Energy Resources, Inc., as Operator, and Southwestern Energy Production Company, as non-operator.

Revised 4/21/97

I. CONTRACT AREA "A" - INITIAL WELL:

T22S-R34E

Section 29: N/2 Limited to depths from the surface to the base of the Morrow
Lea County, New Mexico Formation

Gaicho Unit No. 1 Well located 1650' FNL & 1650' FEL,
Section 29, T-22-S, R-34-E, Lea County, New Mexico

INTEREST OF PARTIES IN CONTRACT AREA "A":

INITIAL WELL: GAUCHO UNIT NO. 1 WELL

<u>Company</u>	<u>WI</u>
Santa Fe Energy Resources, Inc. 550 West Texas, Suite 1330 Midland, Texas 79701	50.0%
Southwestern Energy Prod. Company 5600 North May Ave. Suite 200 Oklahoma City, Oklahoma 73112-3979	50.0%
	100.0%

II. CONTRACT AREA "B" - FIRST SUBSEQUENT WELL:

T22S-R34E:

Section 29: S/2 Limited to depths from the surface to the base of the Morrow
Formation
Lea County, New Mexico

Gaicho Unit No. 2 Well located 1650' FSL & 1650' FWL,
Section 29, T-22-S, R-34-E, Lea County, New Mexico

INTEREST OF PARTIES IN CONTRACT AREA "B":

<u>INITIAL WELL:</u>	<u>GAUCHO UNIT NO. 2 & 2-Y WELLS</u>	
<u>Company</u>	<u>WI (BPO 300%)</u>	<u>WI (APO 300%)</u>
Santa Fe Energy Resources, Inc. 550 West Texas, Suite 1330 Midland, Texas 79701	45.3125%	25.00%



INITIAL WELL:

GAUCHO UNIT NO. 2 & 2-Y WELLS

<u>Company</u>	<u>WI (BPO 300%)</u>	<u>WI (APO 300%)</u>
Southwestern Energy Prod. Co. 5600 North May Ave. Suite 200 Oklahoma City, Oklahoma 73112-3979	45.3125%	25.00%
Amerada Hess Corporation P.O. Box 2040 Houston, Texas 77252-2040	-0-%	12.50%
Robert E. Landreth 505 N. Big Spring Suite 507 Midland, TX 79701	9.3750%	37.50%
	<hr/> 100.00%	<hr/> 100.00%

III. CONTRACT AREA "C":

T-22-S, R-34-E

Section 20: N/2 Limited to depths from the surface to the base of the Morrow Formation.

Lea County, New Mexico

Gaucha Unit No. 4 Well located 1650' FNL & 2310' FEL

Section 20, T-22-S, R-34-E, Lea County, New Mexico

INTEREST OF PARTIES IN CONTRACT AREA "C":

INITIAL WELL:

GAUCHO UNIT NO. 1 WELL

<u>Company</u>	<u>WI</u>
Santa Fe energy Resources, Inc. 550 West Texas, Suite 1330 Midland, Texas 79701	31.25%
Southwestern Energy Prod. Company 5600 North May Ave. Suite 200 Oklahoma City, Oklahoma 73112-3979	31.25%
Robert E. Landreth 505 N. Big Spring, Suite 307 Midland, Texas 79701	37.50%
	<hr/> 100.00%

IV. CONTRACT AREA "D":

T-22-S, R-33-E

Section 25: All

T-22-S, R-34-E

Section 17: All

Section 18: All

Section 19: All

Section 20: S/2

Section 30: All

Lea County, New Mexico

INTEREST OF PARTIES IN CONTRACT AREA "D":

<u>Company</u>	<u>WI</u>
Santa Fe Energy Resources, Inc.	50.00%
Southwestern Energy Production Company	<u>50.00%</u>
	100.00%

V. **CONTRACT AREA "E":**

T-22-S, R-34-E
Section 28: All

INTEREST OF PARTIES IN CONTRACT AREA "E":

<u>Company</u>	<u>WI</u>
Santa Fe Energy Resources, Inc.	25.00%
Southwestern Energy Production Company	25.00%
Amerada Hess Corporation	<u>50.00%</u>
	100.00%

V. **SCHEDULE OF LEASES AND LANDS:**

Lease #1:	Fed. Lease #:	NM-66271
	Date:	June 1, 1986
	Lessor:	United States of America
	Lessee:	Vincent J. Duncan
	Description:	<u>T-22-S, R-33-E</u> Section 25: NE/4 <u>T-22-S, R-34-E</u> Section 30: SE/4 Lea County, New Mexico
Lease #2:	Fed. Lease #:	NM-61360
	Date:	July 1, 1985
	Lessor:	United States of America
	Lessee:	G. B. Zimmerman
	Description:	Insofar and only insofar as lease covers <u>T-22-S, R-33-E</u> Section 25: W/2 <u>T-22-S, R-34-E</u> Section 20: NW/4 Section 29: SE/4 Lea County, New Mexico
Lease #3:	Fed. Lease #:	NM-92781
	Date:	March 1, 1994
	Lessor:	United States of America
	Lessee:	Santa Fe Energy Operating Partners, L.P.
	Description:	<u>T-22-S, R-34-E</u> Section 17: All Section 19: Lots 3 & 4, E/2SW/4, SE/4 Section 20: SW/4 Lea County, New Mexico
Lease #4:	Fed. Lease #:	NM-66272
	Date:	July 1, 1986
	Lessor:	United States of America
	Lessee:	Peter Press

Lease #4 Cont'd

	Description:	<u>T-22-S, R-34-E</u> Section 18: Lots 3 & 4, E/2SW/4, SE/4 Section 19: E/2NE/4, NW/4NE/4 Lea County, New Mexico
Lease #5:	Fed. Lease #:	NM-69596
	Date:	December 1, 1987
	Lessor:	United States of America
	Lessee:	Lynn A. Sawyer
	Description:	<u>T-22-S, R-34-E</u> Section 18: Lots 1 & 2, NE/4, E/2NW/4 Section 19: Lots 1 & 2, SW/4NE/4, E/2NW/4 Section 29: W/2 Section 30: Lots 1-4, NE/4, E/2W/2 Lea County, New Mexico
Lease #6:	Fed. Lease #:	NM-070544
	Date:	July 1, 1949
	Lessor:	United States of America
	Lessee:	William J. Ricker
	Description:	Insofar and only insofar as lease covers <u>T-22-S, R-34-E</u> Section 20: NE/4, SW/4 Lea County, New Mexico
Lease #7:	Fed. Lease #:	NM-94623
	Date:	March 1, 1995
	Lessor:	United States of America
	Lessee:	Santa Fe Energy Resources, Inc.
	Description:	<u>T-22-S, R-34-E</u> Section 28: All Lea County, New Mexico
Lease #8:	Fed. Lease #:	NM-96050
	Date:	December 1, 1995
	Lessor:	United States of America
	Lessee:	J.O. Easley, Inc.
	Description:	<u>T-22-S, R-34-E</u> Section 29: NE/4 Lea County, New Mexico