

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

October 18, 1989

Harvey E. Yates Co.
Explorers Petroleum Corp.
Spiral Co., Inc.
One Sun West Centre
Roswell, New Mexico 88201

ATTN: Melissa Randle

BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

Santa Fe EXHIBIT NO. 2

CASE NO. 9796

Re: OD-NM-617,299 (O/A)
Amethyst "22" Fed Com #1
Sec. 22: E/2
T-19-S, R-33-E
Lea County, New Mexico
Amethyst Prospect

Gentlemen:

Pursuant to the verbal proposal, please accept this as Santa Fe Energy Operating Partners, L.P.'s proposal to drill a 13,800' Morrow test well at a location 660' FNL & 660' FEL Section 22, T-19-S, R-33-E, in Lea County, New Mexico.

In this regard, enclosed please find two AFES itemizing the cost for this test. This is the same AFE which was telecopied to you a few days ago.

Santa Fe invites you to join in the drilling of this test, and should it be your election to do so, it is requested that you execute and return one of the enclosed AFES, as well as the extra signature page to the enclosed O/A.

Should HEYCO elect not to participate, it is requested that they farmout based on delivering a 75% NRI with the option to convert any retained ORRI to a 25% WI APO.

As you are aware, Santa Fe has filed for a Force Pooling Hearing on the November 1, 1989 docket. We apologize for this short notice concerning this matter, however, it was decided to place this well in our 1989 business year and due to some scarcity in rig crews, we felt it necessary to proceed in order to accomplish this goal. It is our hope that the hearing will not be necessary and that we can reach a mutual agreement in lieu of same.

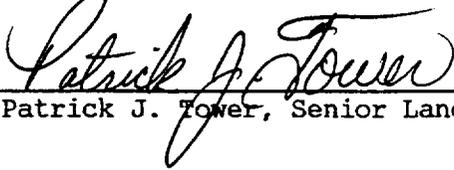
Permian Basin District
500 W. Illinois
Suite 500
Midland, Texas 79701
915/687-3551

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Your prompt attention to this matter is appreciated.

Sincerely yours,

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

By: 
Patrick J. Tower, Senior Landman

PJT/efw
Encls a/s

EFW712