



Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

October 16, 1986

Re: OD-NM-617,060 (O/A)
Rohmer No. 1 Well
N/2 Sec. 23, T-22-S,
R-27-E, Eddy County, NM,
Well Proposal

Union Oil Company of California
P.O. Box 671
Midland, Texas 79702

ATTN: Larry Murphy

Gentlemen:

Santa Fe Energy Operating Partners, L.P. hereby proposes to drill the Rohmer No. 1 Well as a 12,350' Morrow test on the captioned lands. Said well shall be located 1980' FNL and 1980' FWL of Section 23, T-22-S, R-27-E, Eddy County, New Mexico.

According to our records, lease ownership in the N/2 Section 23, T-22-S, R-27-E and working interest in the proposed well is as follows:

<u>Working Interest Owners</u>	<u>Acres</u>	<u>Working Interest</u>
SFEOP, L.P.	30/Ac.	9.375%
CNG Producing Company	30/Ac	9.375%
Union Oil of California	120/Ac	37.500%
BHP	80/Ac	25.000%
Kriti Exploration, Inc.	60/Ac	18.750%
	<u>320/Ac</u>	<u>100.000%</u>

In the event your decision is to participate in this well, please execute one copy of the enclosed Cost Estimate and return one (1) copy to this office. However, if you elect not to participate as to your working interest in this well, Santa Fe requests that you farmout 100% of your interest providing for delivery of a 75% Net Revenue Interest lease upon completion of a well as a producer, and your retaining the option to convert your override to a 25% working interest at payout, proportionately reduced.

After receiving response from all necessary parties, Santa Fe will prepare an Operating Agreement designating Santa Fe as Operator, and will forward same for your review and execution. Santa Fe proposes the AAPL 1982 Model Form 610 Operating Agreement which will provide for the following general terms and provisions: (a) Individual Loss of Title; (b) 300% Non-Consent Penalty; and (c) No Preferential Right to Purchase.

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

BEFORE EXAMINER SIGNATURE

NO CONSENT

Santa Fe DISTRICT NO. 2

BASE NO. 9044

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Your timely response to this matter is appreciated, and should you have any question, please call the undersigned.

Sincerely yours,


Gary Green
Landman

GG/efw2156-2
Encls a/s

cc: Bill A. Schaefer Jr. - Exp. Manager
Hugh L. Boyt - Prod. Manager

WELL COST ESTIMATE

NAME: Rohmer No. 1
 LOC: Section 23-T22S-R27E, Eddy, County, New Mexico
 DESC: Drill and complete 12,350' Morrow Test

ACCOUNT	DESCRIPTION OF COSTS	DRY HOLE	PRODUCER
511-000	TANGIBLE WELL COSTS		
-001	CONDUCTOR CSG	3,000	3,000
-002	SURFACE CSG	4,450	4,450
-003	PROTECTION CSG 13-3/8" 48.0 ppf H-40 @ 240' @ \$18.55/ft DRILLING LINER	31,670	31,670
-004	PROD CSG		102,650
-005	PROD LINER		
-012	CSG EQUIP	930	1,680
-015	TUBING		43,100
-021	TUBING EQUIP		
-024	RODS		
-026	ROD EQUIP		
-029	SUBSURFACE PMPs		
-031	OTHER DWN HOLE EQUIP		6,500
-038	WELLHEAD	2,000	25,500
-042	PMPG UNIT		
-046	PRIME MOVER		
-054	ELECTRICAL		
-064	MISC. TANGIBLES		
	TOTAL TANGIBLE COSTS	42,050	218,550
54X-000	LEASE FACILITY COSTS		
-075	FLOW LINES		14,100
-079	TANK FACILITIES		17,900
	OTHER PROD EQUIP		36,850
	LABOR		16,630
	TOTAL LEASE FACILITY COSTS	0	85,480
521-000	INTANGIBLE WELL COSTS		
-127	LOCATION	30,000	30,000
-200	CONTRACTOR MOVING EXP		
-201	CONT FOOTAGE OR TURNKEY	\$18/ft	222,300
-202	CONTRACTOR DAY WORK	4 @ \$4200/d	16,800
-205	COMPLETION UNIT		
-208	DRLG FLUID & ADDITIVES	45,000	45,000
-212	WTR & FUEL FOR RIG		
-215	BITS & REAMERS		
-217	CORING & CORE ANALYSES		
-219	CEMENT	14,700	52,000
-221	OPEN HOLE LOGGING	12,000	12,000
-223	DRILL STEM TSTG	3 DSTs	41,100
-225	MUD LOGGING	26 @ \$260/d	9,100
-227	DIRECTIONAL DRLG SURVEYS		
-229	COMPLETION TOOL RENTAL		8,000
-230	DRILLING EQUIP RENTAL	18,010	21,000
-231	TRANSPORTATION	2,400	8,405
-236	TESTING: BHP, GOR, 4 PT.POT		2,000
-238	CASED HOLE LOGS & PERFING		5,000
-241	STIMULATION		5,000
-244	INSPECTION & TSTG OF TANG	7,600	8,500
-246	RIG SITE SUPERVISION	9,100	11,700
-251	FENCING		
-256	FSHG TOOLS & EXPENSES		
-664	ADMINISTRATIVE OVERHEAD	9,800	9,800
	ABANDONMENT COST	7,000	
	OTHER INTANGIBLES	15,000	15,000
0	CONTINGENCY (5%)	22,996	26,135
	TOTAL INTANGIBLES	482,906	548,840
	TOTAL COSTS	524,956	852,870

Estimated By: Michael J. Banton Date: 10/6/86
 SFEC Approved By: Steve L. Boyl Date: 10/6/86
 Non Operator Approval By: _____ Date: _____