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October 24, 1983

Mr. Richard L. Stamets  
Technical Support Chief  
Oil Conservation Division  
Energy and Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, NM 87501

RE: Geologic Exhibits

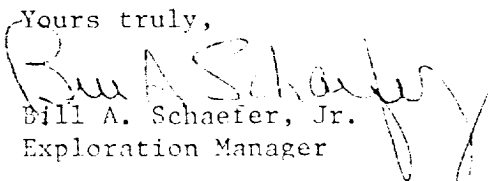
Dear Mr. Stamets:

The Santa Fe Energy Exploration Department is proposing an unorthodox location (990' FNL and 990' FWL) in Section 18, T23S, R28E, Eddy County, New Mexico. Reasons for this locations are as follows:

1. Regional maps of the Morrow Sand indicate the sand was deposited in a northwest-southeast direction.
2. The productive sandstone in the Belco #1 Guitar (1980' FNL, 660' FEL Section 19, T23N, R28E) has a cumulative production of 2.7 BCF gas. The El Paso #1 Carrasco, (1980' FNL, 660' FEL, Section 19, T23S, R27E) was drilled in 1982 and had an IFCAOF of 7.1 MMCF/DPD. Both wells produce from the same sand. This sand is wet and not gas productive in the Cities Service 1-A Brantley (1980' FSL and FEL Section 7, T23S, R28E) and the Amoco #1 Carter, (1980' FSL and FEL, Section 18, T23S, R28E). Therefore, it is necessary for Santa Fe's proposed location to be in the northwest quarter of Section 18, where the thickest productive Morrow sand would be encountered.
3. Isopaching of the individual Morrow sand which was productive in the Belco #1 Guitar and the El Paso #1 Carrasco wells indicates the sand deposition was in a northwest-southeast direction. (Map 1)
4. To establish production in the north half of section 18, T23S, R28E the proposed well location should be within the productive sand trend limits. Santa Fe is therefore recommending a location 990' FNL, 990' FWL.

The location Santa Fe Energy Company has proposed is the most logical one based upon knowledge of sand trends, good reservoir conditions and production data in extending gas production in North Loving Field.

Yours truly,

  
Bill A. Schaefer, Jr.  
Exploration Manager

ccs