

November 20, 1984

New Mexico Oil Conservation Department
P. O. Box 2008
Santa Fe, New Mexico 87501

Re: Application for Unorthodox Drilling
Permit Exception to Rule 104 C.II(a)
Walterscheid #1 Well
W/2 Section 14, T-22-S, R-27-E,
Eddy County, New Mexico

Gentlemen:

Santa Fe Energy Co., as offset operator or owner of record title to the operating rights of acreage adjacent to the above referenced 320 acre tract, has been advised by TXO Production Corp. of its desire to drill the Walterscheid #1 Well. This well, being a 10,650 foot Strawn wildcat with secondary potential in the Wolfcamp at approximately 10,025', will be located 635' FWL and 1907' FNL of Section 14, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the lease lines than 660' FWL and 1980' FNL which is prescribed by the Field Rules for a Strawn wildcat test or the Carlsbad East (Wolfcamp) field (being the secondary objective).

This is to advise that Santa Fe Energy Co. has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

SANTA FE ENERGY CO.

By: Hugh L. Bayt

Title: District Production Manager

Date: 11-20-84