

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUBMIT IN THE OIL CONSERVATION DIV
811 S. 1st ST.
ARTESIA, NM 88210-2834FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-57273	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Santa Fe Energy Resources, Inc.		7. UNIT AGREEMENT NAME 16703	
3. ADDRESS AND TELEPHONE NO. 550 W. Texas, Suite 1330; Midland, Texas 79701 (915) 682-6373		8. FARM OR LEASE NAME, WELL NO. Palladium "7" Fed No. 2	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface (G) 1800' FNL & 1980' FEL At proposed prod. zone		9. API WELL NO. 30-015-29145	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 17 miles east of Loving, New Mexico		10. FIELD AND POOL, OR WILDCAT Sec. 7, T-24-S, R-31-E	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1800'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7, T-24-S, R-31-E	
16. NO. OF ACRES IN LEASE 600		12. COUNTY OR PARISH Bddy	
17. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1600'		13. STATE New Mexico	
18. PROPOSED DEPTH 8200'		14. NO. OF ACRES ASSIGNED TO THIS WELL 40	
19. ROTARY OR CABLE TOOLS Rotary		20. APPROX. DATE WORK WILL START* June 5, 1996	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3486 GR		22. APPROX. DATE WORK WILL START* June 5, 1996	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	H-40 13 3/8"	48.0	400'	400 sx to circulate
11"	K-55 8 5/8"	32.0	4000'	1350 sx to circulate
7 7/8"	K-55 5 1/2"	17.0	8200'	tie back to 3800'

We propose to drill to a depth sufficient to test the Delaware formation for oil. If productive, 5 1/2" casing will be run to TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

Exhibit A - Operations Plan
Exhibit B - BOP and Choke Manifold
Exhibit C - Drilling Fluid Program
Exhibit D - Auxiliary Equipment

Exhibit E - Topo Map at Location
Exhibit F - Map Showing Existing Wells
Exhibit F (A) - Plat of Location
Exhibit G - Well Site Layout
Surface Use and Operations Plan

Post ID-1
9-28-96
New Log API

This application was previously approved as the Palladium "7" Federal Well No. 7 on October 14, 1994.

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above. Bond Coverage: Blanket Bond BLM Bond File No.: MT 0750

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED James P. Phil Stinson TITLE Agent for Santa Fe Energy DATE 5-6-96
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Gilbert J. Lucero TITLE Acting State Director DATE AUG 27 1996

*See Instructions On Reverse Side