

UNITED STATES  
DEPARTMENT OF THE INTERIOR

ARTESIA, NM 88210-2834

BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
DRILL  DEEPEN

b. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER   
SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
Santa Fe Energy Resources, Inc. 20305

3. ADDRESS AND TELEPHONE NO.  
550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
At ~~3301~~ 1736 FSL & 2017 FWL  
At proposed prod. zone  
Polar Lake; Delaware, Nw

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
17 miles east of Loving, New Mexico

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)  
1947'

16. NO. OF ACRES IN LEASE  
600

17. NO. OF ACRES ASSIGNED TO THIS WELL  
40

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
1999'

19. PROPOSED DEPTH  
8200'

20. ROTARY OR CABLE TOOLS  
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
3542 GR

22. APPROX. DATE WORK WILL START\*  
April 1, 1997

23. PROPOSED CASING AND LOG PROGRAM		CONTROLLED WATER BASIN		QUANTITY OF CEMENT	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	WITNESS	
17 1/2"	H-40 13 3/8"	48.0	600' 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

Posted ID-1  
N & API  
7-85-97

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

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

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 7-28-97

(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 Richard A. Whitley TITLE Acting State Director DATE 7/10/97

\*See Instructions On Reverse Side

DISTRICT I  
 P. O. Box 1980  
 Hobbs, NM 88241-1980

State of New Mexico  
 Energy, Minerals, and Natural Resources Department

Form C-102  
 Revised 02-10-94

Instructions on back

DISTRICT II  
 P. O. Drawer DD  
 Artesia, NM 88211-0719

**OIL CONSERVATION DIVISION**  
 P. O. Box 2088  
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate  
 District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

AMENDED REPORT

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name Undesignated (Delaware)	
4 Property Code		5 Property Name PALADIUM '7" FEDERAL			6 Well Number 3
7 OGRID No.		8 Operator Name SANTA FE ENERGY RESOURCES, INC.			9 Elevation 3518'

10 SURFACE LOCATION

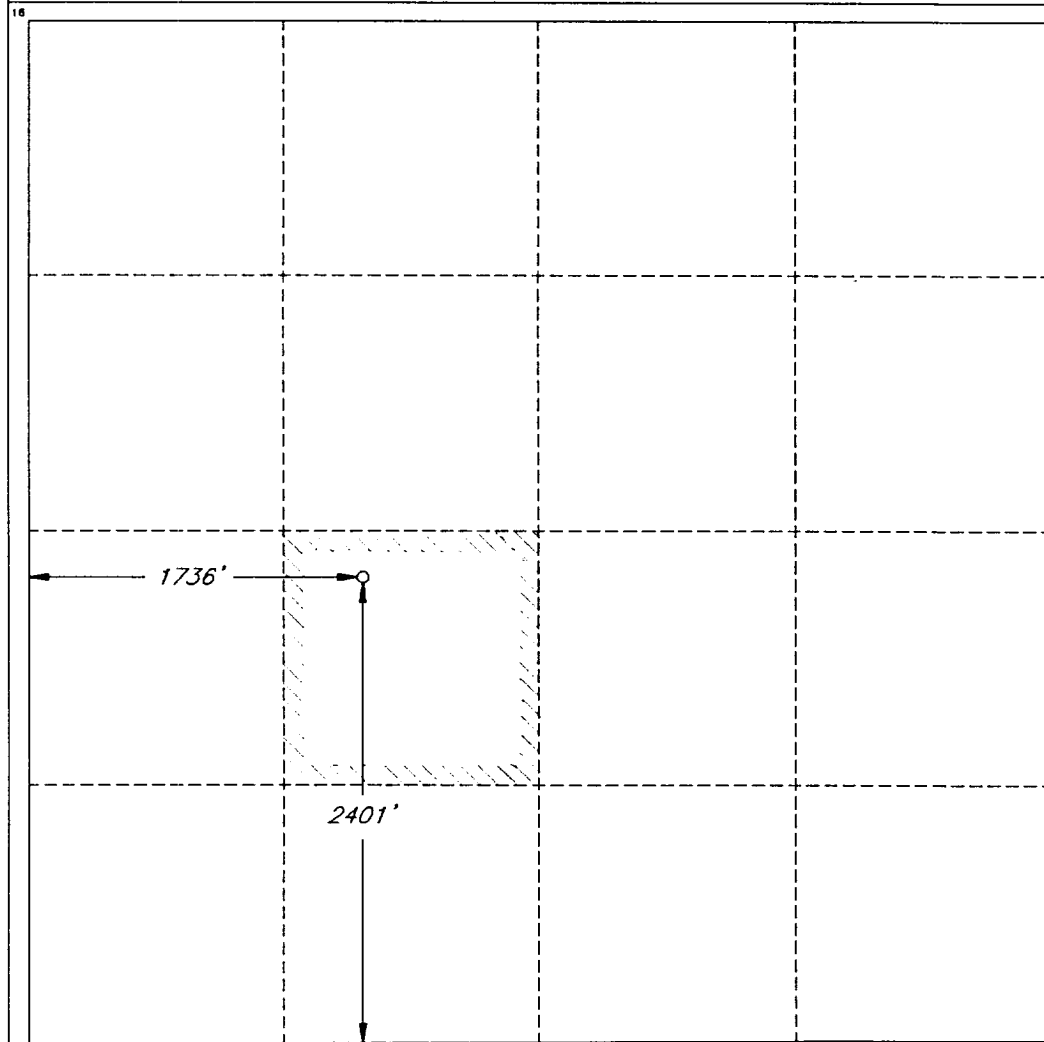
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	7	24 SOUTH	31 EAST, N.M.P.M.		2401'	SOUTH	1736'	WEST	EDDY

11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James P. Stinson*  
 Printed Name: James P. "Phil" Stinson  
 Title: Agent for Santa Fe Energy  
 Date: 6-6-97

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: MAY 26 1997  
 Signature and Seal of Professional Surveyor:  
  
 Certified by:  
 V. L. BECKLAND S.P.S. #7920  
 JOB #50790 7 23 NE / V.H.B.

**EXHIBIT B**

SANTA FE ENERGY RESOURCES, INC.  
PALLADIUM "7" FED NO. 3  
1947' FSL & 2017' FWL  
SEC 7, T-24-S, R-31-E  
EDDY COUNTY, NEW MEXICO

