



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88202

IN REPLY REFER TO
3162.4
NM-57273

AUG 25 1998

Santa Fe Energy Resources, Inc.
Attn: Michael Burch
550 W. Texas, Suite 1330
Midland, Texas 79701

Dear Mr. Burch:

Your Application for Permit to Drill (APD), approved July 10, 1997, for the Palladium "7" Federal Well #3, located 2401' FSL & 1736' FWL, Sec. 7, T. 24 S, R. 31 E., Eddy County, New Mexico, Lease No. NM-57273 has expired because drilling has not commenced within one year of the approval date as stated in the General Requirements for Oil and Gas Operations on Federal Leases.

If drilling operations have commenced on the referenced well, please contact this office at (505) 627-0272 and send all necessary reports (spud, casing/cementing, etc., 1 original and 5 copies) so we may correct our records.

If the well has not been spudded, but site construction activities have occurred, please contact this office at the above telephone number for surface reclamation instructions.

If you wish to drill this well at a later date, please submit a complete application (1 original and 6 copies). Since the original APD has expired, the resubmitted APD will be subject to all the processing requirements including the 30-day posting requirement. Please note on the resubmitted APD that it was previously approved and we will review the expired file for information which will help expedite the processing.

Sincerely,

(ORIG. SGD.) ARMANDO A. LOPEZ

Armando A. Lopez
Acting Assistant Field Office Manager,
Lands and Minerals

cc: BLM-I&E (CFO)
NMOCD (Artesia)
CFO (L. Denniston)