

N. M. Oil Corp. UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE (Other Instruct. as on reverse blue)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

chk

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN []

b. TYPE OF WELL OIL WELL [X] 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, TX 79701 (915) 682-6373

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) At surface (N) 660' FSL & 2310 FWL At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 19 miles East of Loving, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1320'

21. ELEVATIONS (Show whether DF, RT, GI) CARLETON CONTROLLED MOUNTAIN BASIN

5. LEASE DESIGNATION AND SERIAL NO. NM-55142
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME 16664
8. FARM OR LEASE NAME, WELL NO. Sterling Silver "3" Fed #8
9. API WELL NO. 30-015-30353
10. FIELD AND POOL OR WILDCAT Single Wells (Delaware) 33745
11. SEC., T., R., M., OR B.L.K. AND SURVEY OR AREA Sec. 3, T-24-S, R-31-E
12. COUNTY OR PARISH Eddy
13. STATE New Mexico

16. NO. OF ACRES IN LEASE 320
17. NO. OF ACRES ASSIGNED TO THIS WELL 40

19. PROPOSED DEPTH 8300'
20. ROTARY OR CABLE TOOLS Rotary

22. APPROX. DATE WORK WILL START* January 10, 1998

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 17 1/2", 11", and 7 7/8" casing specifications.

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 of Location
Exhibit F - Plat Showing Existing Wells
Exhibit G - Plat of Location
Exhibit H - Surface Use and Operations Plan

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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

This APD was previously approved September 20, 1993. 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 B. "Phil" Stinson TITLE Agent for Santa Fe Energy DATE 12-18-97

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 [Signature] TITLE Acting State Director DATE 2-15-98 *See Instructions On Reverse Side

1

1944

1944
MIL DEC 22 P 2:20
ARMED & DANGEROUS
ROSWELL OFFICE

DISTRICT I
 P. O. Box 1980
 Hobbs, NM 88240

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

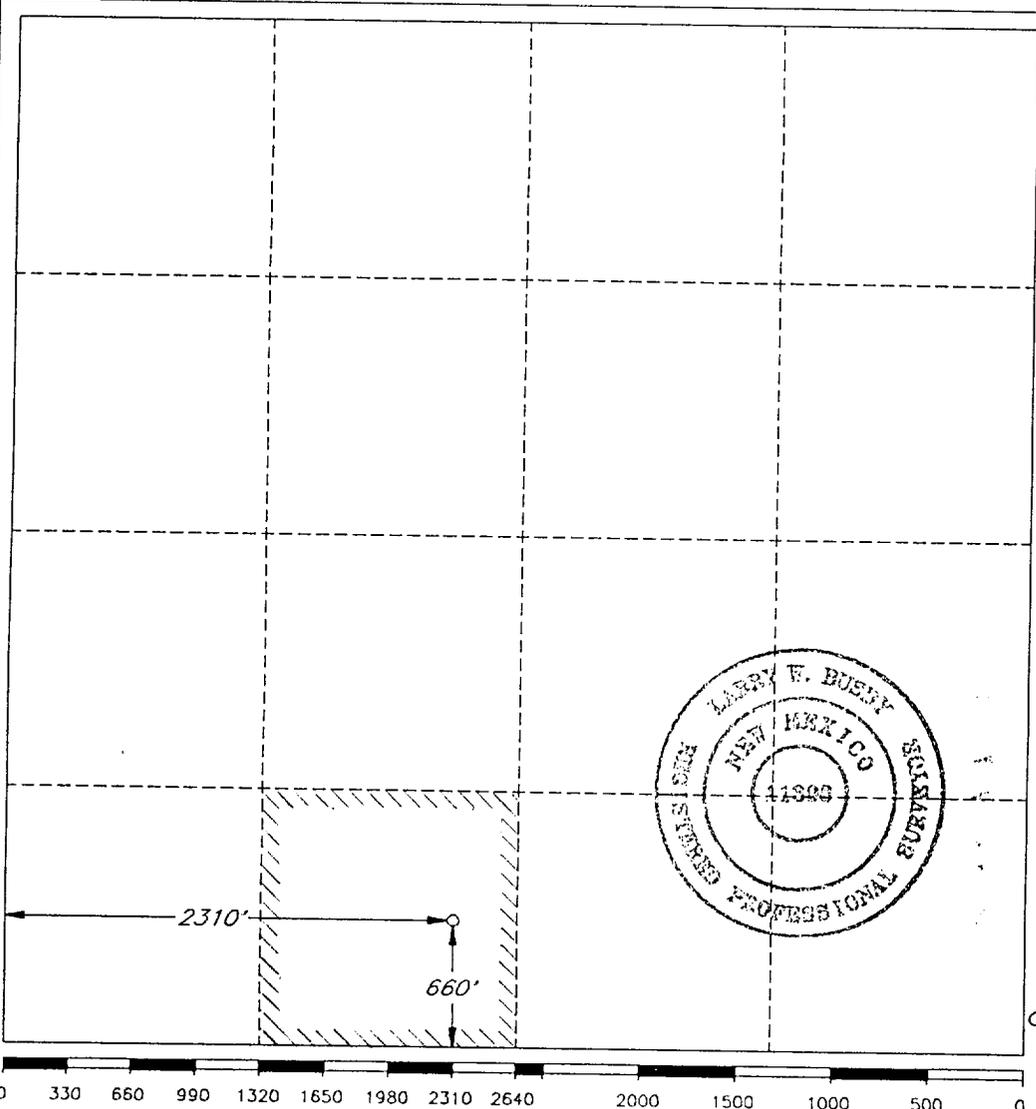
DISTRICT II
 P. O. Drawer DD
 Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd
 Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
 All distances must be from the outer boundaries of the section.

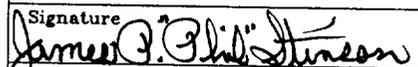
Operator SANTA FE ENERGY OPER. PART, L.P.			Lease STERLING SILVER '3' FEDERAL		Well No. 8
Unit Letter N	Section 3	Township 24 SOUTH	Range 31 EAST, N.M.P.M.	County EDDY	
Actual Footage Location of Well					
860 feet from the SOUTH line and		2310 feet from the WEST line			
Ground Level Elev. 3453'	Producing Formation		Pool Sand Dunes West (Delaware)	40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all the owners been consolidated by communitization, unitization, forced-pooling, etc.?
 - Yes No If answer is "yes", type of consolidation _____
 - If the answer is "no", list the owners and tract descriptions which have actually been consolidated. (Use the reverse side of this form if necessary.) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the division.



OPERATOR CERTIFICATION

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

Signature

 Printed Name
James P. "Phil" Stinson
 Position
Agent for Santa Fe Energy
 Company
OGE Drilling USA, Inc.
 Date
12-17-97

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 knowledge and belief.

Date Surveyed
APRIL 21, 1993
 Signature and Seal of Professional Surveyor

 Certificate No.
LARRY W. BUSBY R.P.S. #11398
 JOB NO. 95540 V.H.B.

125630

EXHIBIT B

SANTA FE ENERGY RESOURCES, INC.
Sterling Silver "3" Federal No. 8
660' FSL, 2310' FWL
Section 3, T-24-S, R-31-E
Eddy County, New Mexico

