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AS HINKLE, COX, EATON,
COFFIELD & HENSLEY, P.L.L.C., LTD., CO.

*NOT LICENSED IN NEW MEXICO
*FORMERLY COMPRISING THE FIRM OF
CULTON, MORGAN, BRITAIN & WHITE, P.C.

*24 miles west
of Eunice*

August 15, 1995

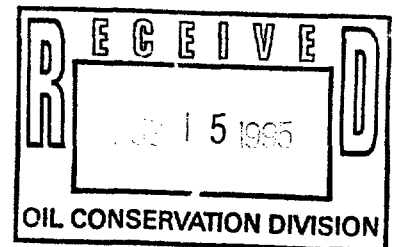
HAND DELIVERED

Mr. William LeMay
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87501

Re: Spessartine 28 State Well No. 1
660' FSL and 1980' FEL
Section 28-Township 21 South-Range 33 East

Dear Mr. LeMay:

Santa Fe Energy Resources, Inc. hereby requests relief from the surface casing requirements of Order No. R-111-P. The above well is in the oil-potash area, and under R-111-P Requirement D(2), surface casing is to be set in the Rustler Formation, which in the area of the above well is encountered at approximately 1650 feet. The fresh water in this area is no deeper than 300 feet subsurface, and Santa Fe proposes to set surface casing at 650 feet. A similar surface casing program has been approved for wells in this area of the potash enclave: See in particular Santa Fe's Sinagua wells in Sections 18 and 19, Township 20 South, Range 34 East, which were approved by the Bureau of Land Management. Santa Fe has discussed this matter with Jerry Sexton of the Hobbs District Office; he apparently had no problem with the proposed surface casing program, but he informed Santa Fe that your approval was required. Enclosed for your information is the application form for permit to drill, together with the Form C-102, and other filings made by Santa Fe including correspondence with Eddy Potash Company, Inc.



11374

William LeMay
August 15, 1995
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If at all possible, Santa Fe would like to spud the well next week, and thus your attention to this matter is appreciated (it has expiring leases). If you need any further information on this matter, please call.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, P.L.L.C., Ltd., Co.

James Bruce

Enclosures
JB/sp