



Santa Fe Energy Resources, Inc.

April 21, 1997

Mr. Robert E. Landreth
505 N. Big Spring
Suite 307
Midland, Texas 79701

Re: **Gaicho Unit #2-Y Well**
Lea County, New Mexico
SFERI Cont. #NM-30,107-02Y

Dear Robert:

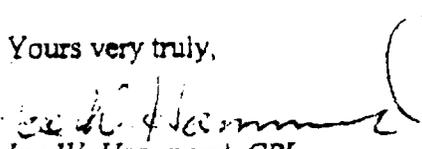
Referencing your letter of April 15, 1997 and our recent telephone conversation, please be advised of the following:

1. Enclosed is a Revised Exhibit "A" which reflects the N/2 of Section 20 as a separate Contract Area. Please insert this into your copy of the Operating Agreement.
2. The Schedule of Leases and Lands has been amended to also reflect the NW/4 of Section 20.

Your clarifications as to your override and as to the Gaicho 2 and 2-Y Well as being your initial well under the JOA are acceptable to Santa Fe.

At your earliest convenience please forward your executed JOA signature page for our files.

Yours very truly,


Joe W. Hammond, CPL
Senior Landman

JWH/efw
1 Encl a/s

EWOR1802

Central Division
550 W. Texas, Suite 1330
Midland, Texas 79701
915/687-3551

