



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

1474 Rodeo Rd.

P.O. Box 27115

Santa Fe, New Mexico 87502-0115



IN REPLY REFER TO:

3160(067)

NM-13276

CERTIFIED--RETURN RECEIPT REQUESTED
P 217 222 527

JUL 1 1993

Santa Fe Energy Operating Partners, L. P.
Attention: Darrell Roberts
550 W. Texas, Suite 1330
Midland, TX 79701RE: Sinagua 18 Federal Well No. 1
NM-13276
660' FNL & 2130' FEL, Sec 18, T20S, R34E
Lea County, New Mexico

Dear Mr. Roberts:

On February 3, 1993, this office received an Application for Permit to Drill (APD) for the above referenced well location. This location falls within the designated Secretary's Potash Area as defined in the 1986 Secretary's Order.

Considerable time has been spent evaluating the physical characteristics of the ore body and the feasibility of economically mining potash in the subject area. The Tenth ore zone is the important potassium bearing formation in this area which meets the leasing criteria of 4 feet of 10 percent K_2O as sylvite or 4 feet of 4 percent K_2O as langbeinite. This combined with a mineralogical evaluation of the ore zone leads us to conclude that the Tenth ore zone constitutes a "Potash Enclave". Therefore, the drilling of this well may result in undue waste of potash.

In accordance with the 1986 Secretary's Order, the APD cannot be approved at the present location. Your copies of the APD are enclosed. However, an alternate location may be available approximately 1300 feet or further to the west southwest of the proposed location. A vertical or directional well can be drilled from inside the barren zone at or near this location.

This decision was given serious consideration by the Bureau of Land Management, regrettably, it may have an adverse impact to your company. Therefore, and in accordance with 43 CFR 3165.4, you may appeal this decision to the Interior Board of Land Appeals, according to the procedures outlined on the enclosed Form 1842-1. Please contact Gary Williams at (505) 887-6544, if you have any further questions.

Sincerely,

*Kathleen Jordan*for Monte G. Jordan
Acting State Director

2 Enclosures

NEW MEXICO
OIL CONSERVATION DIVISION*Santa Fe Energy Operating*
EXHIBIT 1

CASE NO 10828