



Santa Fe Pacific Exploration Company Managing General Partner

CERTIFIED MAIL - RETURN RECEIPT

July 12, 1989

TO: WI Owners (See Attached List)

> Re: OD-NM-617,268 (O/A) Malaga Fed Com #1 2310' FWL and 660' FSL Sec. 1, T-24-S, R-28-E Eddy County, New Mexico Malaga Prospect

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Gentlemen:

Santa Fe Energy Operating Partners, L.P. hereby proposes to drill the referenced well to test the Atoka Formation at an approximate depth of 12,250'. It is proposed that the S/2 of Section 1 be dedicated the Proration Unit. Santa Fe invites you to join in this test, and in this regard has enclosed two (2) AFES itemizing the costs. If it is your desire to join, please execute and return one of the AFES to the undersigned. A JO/A will be forwarded upon your election to join.

Should you elect not to join, Santa Fe would propose that you farmout in Section 1, based on delivering a 75% NRI with the retained Overriding Royalty Interest convertible at payout to a 25% WI, all proportionately reduced. Santa Fe would have 150 days from completion to earn the N/2 acreage under the same terms as for the Initial Test.

Your prompt attention to this proposal will be most appreciated. Should you have any questions, feel free to call.

Sincerely yours,

SANTA FE ENERGY OPERATING PARTNERS, L.P. By: Santa Fe Pacific Exploration Company, Managing General Partner

Bv: Patrick fdwef. Senior Landman

PJT/efw 2 Encls a/s

BEFORE EXAMINER CATANAC 1
OIL CONSERVATION DIVISION
St Energy EXHIBIT NO. 2
St court EXHIST NO.
CASE NO

EFW505 Permian Basin District 500 W. Illinois Suite 500 Midland, Texas 79701 915/687-3551

An Aifiliate of Santa Fe Southern Pacific Corporation

EFW505A

UTI Energy Corp. Richard K. Barr Scott E. Wilson 500 North Loraine St. Midland, Texas 79701 ATTN: Scott Wilson Phone: (915) 683-1618

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ATTN: Joe Thomas Phone: (915) 683-0101 Phillips Petroleum Company 4001 Penbrook Odessa, Texas 79762 ATTN: Frank Hulse Phone: (915) 367-1361

Execon Corporation P.O. Box 1600 Midland, Texas 79702

Malaga Fed Com #1 Well

WI OWNERS LIST

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A. Article Addressed to: Example addressed to: P 9116 Addressed to: P 9116 Addressed to: UTI Energy Corp. Type of Service: P 9116 Addressed to: P 9116 Addressed to: Midland, Texas 79701 Energies P 9116 Addressed to: P 9116 Addressed to: Signeture - Address Article Addressed to: Article Addressed to: P 9116 Addressed to: Signeture - Address P 9116 Addressed to: Array of Service: P 0116 Addressed to: Signeture - Address P 0117 Addressed to: Array of Service: P 0116 Addressed to: Signeture - Address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent with conditional services and complete Ir - P 011 6 00000000000000000000000000000000		68-21-L
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SENDER: Complete items 1 and 2 when additional services are desired, and complete it 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent trate card from being returned to you. The return receipt fee will provide you the name of the prevent trate to and the date of delivery. For additional fees the following services are available. Consult postmaster

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	Midland, Texas 79701	500 West Illinois, 5th Floor	Print Sender's name, address, and ZIP Code in the space below. Patrick J. Tower – Santa Fe <u>Energy Comp</u> any	SERVICE	10	Print Sender's name, address, and ZIP Code in the space below. Patrick J. Tower - Santa Fe Energy Company	AVICE

	5. Signature - Address X 6. Signature - Agenry 7. Data of Dalivery 7. Data of Dalivery 8. March 966 via v. (U.S.Q.P.O.) 1088-212-865	Aruce Aou Phillips 1 4001 Penb Ddessa, To Ddessa, To ATTN: Fr	
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