

LAND DEPT.
MIDLAND, TX

Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202
Telephone (505) 622-2202
January 30, 1989

ATTENTION: Mr. Pat Tower
Senior Landman

Section 16: All
Section 17: All
Section 20: E 1/2
Section 21: All
Eddy County, New Mexico

Siete Oil & Gas Corporation is proposing to drill our Escalante Prospect as an 11,000' Morrow test to be located in the SW 1/4 Section 16, T-23-S, R-25-E, Eddy County, New Mexico. Siete holds 600 acres within the proposed unit. Santa Fe holds 600 acres within what Siete considers to be the prospective area being all of Section 20, save and except the SW 1/4 SW 1/4, T-23-S, R-25-E, Eddy County, New Mexico. Siete requests that you contribute your 600 acres under Federal Lease NM-19178 to a 2240 acre working interest unit.

Our preliminary AFE estimate to drill and equip this well is \$750,000.00. Siete has scheduled this well for March 15, 1989. We are also submitting letters to Amoco Production Company and Exxon requesting a similiar contribution to the proposed unit.

Should Santa Fe not be in a position to participate in this proposal, Siete requests an option farmout in support of this well. Also, with a commitment to farmout or participate Siete would be in a position to make a geological presentation of the Escalante Prospect.

Should you have any questions or care to discuss this proposal, please do not hesitate to call.

Very truly yours,

SIETE OIL & GAS CORPORATION

GENE SHUMATE
Vice President Land

ED	TF
ET 2/1	UB
GG	CA
EW	CB
PR	DF
SH	SWT
File	

Matton Prospect
1. 26.7% in Unit
2. 1/0 to Unit with 25%
3. option 1/0 to Srete.

-FACT	2 LEASES	Expires
2004/2	NM 19,269	11-1-92
1/2	NM 20,347	5-31-93

12.5 - 810 mg Serie
12.5

ON SPRING 12, 1957, WE
11:30 AM, 1957