

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

CERTIFIED MAIL

June 2, 1987

TO ADDRESSEES NAMED ON ATTACHED LIST HERETO

Re: OD-NM-617,136 (O/A)
Sterling Silver "34" Fed. #1
W/2 Sec. 34, T-23-S, R-31-E,
Eddy County, New Mexico

Gentlemen:

Please be advised that Santa Fe Energy Operating Partners, L.P. has applied to the New Mexico Oil Conservation Division for a compulsory pooling action of your interest under the referenced test. This hearing has been set for July 1, 1987. Santa Fe feels this action is necessary due to the drilling obligation under the Mobil farmout. It is hoped that a voluntary agreement can be reached in short order to avoid the necessity of the hearing.

In this regard, and in conjunction with Santa Fe's well proposal letter of May 13, 1987, it is requested that you provide Santa Fe with your written election as soon as possible.

Sincerely yours,

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

By Gary Green
Gary Green, Landman

GG/efw

cc: Mobil Producing
Texas & New Mexico Inc.

EFW525

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

BEFORE EXAMINER GAT VACH
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>2</u>
CASE NO. <u>9160</u>

ADDRESS LIST

Sterling Silver "34" #1
Eddy County, New Mexico

Pogo Producing Company
P.O. Box 10340
Midland, Texas 79702-7340

CNG Producing Company
705 South Elgin
Tulsa, Oklahoma 74120

Texas Gas Exploration Corp.
P.O. Box 4326
Houston, Texas 77210-4326

PaineWebber/Geodyne Energy Income
Production Partnership I-C
320 South Boston Ave.
The Mezzanine
Tulsa, Oklahoma 74103-3708

Florida Exploration Company
c/o Enron Oil & Gas
P.O. Box 2267
Midland, Texas 79702

Mobil Producing Texas &
New Mexico Inc.
P.O. Box 633
Midland, Texas 79702

Primary Fuels, Inc.
223 West Wall, Suite 615
Midland, Texas 79701

Heathary Resources, Inc.
223 West Wall, Suite 615
Midland, Texas 79701

• **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered
☐ Show to whom, date, and address of delivery
 2. ☐ **RESTRICTED DELIVERY**
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO:

CNG Producing Company
 705 South Elgin
 Tulsa, Oklahoma 74120

4. TYPE OF SERVICE:

- ☐ REGISTERED ☐ INSURED **ARTICLE NUMBER**
☒ **CERTIFIED** ☐ COD P 458 354 660
☐ EXPRESS MAIL

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

5. DATE OF DELIVERY

JUN 5 1987

POSTMARK
(may be on reverse side)

6. ADDRESSEE'S ADDRESS (only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEES' INITIALS

• **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered
☐ Show to whom, date, and address of delivery
 2. ☐ **RESTRICTED DELIVERY**
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO:

Pogo Producing Company
 P.O. Box 10340
 Midland, Texas 79702-7340

4. TYPE OF SERVICE:

- ☐ REGISTERED ☐ INSURED **ARTICLE NUMBER**
☒ **CERTIFIED** ☐ COD P 458 354 660
☐ EXPRESS MAIL

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

5. DATE OF DELIVERY

POSTMARK
(may be on reverse side)

6. ADDRESSEE'S ADDRESS (only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEES' INITIALS

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO"
space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered
☐ Show to whom, date, and address of delivery ..
 2. ☐ RESTRICTED DELIVERY
 (The restricted delivery fee is charged in addition
to the return receipt fee.)

TOTAL \$ _____

3. ARTICLE ADDRESSED TO:

Texas Gas Exp. Corp.
P.O. Box 4326
Houston, Texas 77210-4326

4. TYPE OF SERVICE:

- ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER

P 458 354 659

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

5. DATE OF DELIVERY

JUN - 4 1987

POSTMARK
(may be on reverse side)

6. ADDRESSEE'S ADDRESS (Only if requested)

Ron Kelly

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S
INITIALS

RETURN RECEIPT

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO"
space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered
☐ Show to whom, date, and address of delivery ..
 2. ☐ RESTRICTED DELIVERY
 (The restricted delivery fee is charged in addition
to the return receipt fee.)

TOTAL \$ _____

3. ARTICLE ADDRESSED TO:

Florida Exploration Company
c/o Enron Oil & Gas
P.O. Box 2267, Midland TX 79702

4. TYPE OF SERVICE:

- ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER

P 458 354 798

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

5. DATE OF DELIVERY

6-3-87

POSTMARK
(may be on reverse side)

6. ADDRESSEE'S ADDRESS (Only if requested)

Will Deane

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S
INITIALS

RETURN RECEIPT

05-May-87

SANTA FE ENERGY COMPANY

GENERALIZED
WELL COST ESTIMATE

NAME: Sterling Silver 34 Federal No. 1
 LOC: Section 34, T23S, R31E 1980' FNL, 660' FWL
 DESC: Drill and complete a 15,250' Morrow Test

ACCOUNT	DESCRIPTION OF COSTS	DRY HOLE	PRODUCER
511-000	TANGIBLE WELL COSTS		
-001	CONDUCTOR CSG 20" @ 40'	3,000	3,000
-002	SURFACE CSG 650' 13-3/8" 48 ppf H40	12,060	12,060
-003	PROTECTION CSG 4300' 9-5/8" 36.0 ppf H40	57,750	57,750
-004	DRILLING LINER		
-004	PROD CSG 7" 26.0ppf S95 @ 29.0ppf P110 @ 12,000'	194,060	194,060
-005	PROD LINER 4-1/2" 13.5 ppf S95 11,500-15,250'		30,150
-012	CSG EQUIP	4,240	4,240
-015	TUBING 2-3/8" 4.7ppf P105 Hydrill 500 @ 14,800'		60,100
-021	TUBING EQUIP Packer		3,100
-024	RODS		
-026	ROD EQUIP		
-029	SUBSURFACE PMPS		
-031	OTHER DWN HOLE EQUIP Liner Hanger		6,900
-038	WELLHEAD	2,500	60,000
-042	PMPC UNIT		
-046	PRIME MOVER		
-054	ELECTRICAL		
-064	MISC. TANGIBLES		
	TOTAL TANGIBLE COSTS	273,610	431,360
54X-000	LEASE FACILITY COSTS		
-075	FLOW LINES		3,200
-079	TANK FACILITIES		2,800
	OTHER PROD EQUIP		11,000
	LABOR		7,450
	TOTAL LEASE FACILITY COSTS	0	24,450
521-000	INTANGIBLE WELL COSTS		
-127	LOCATION	25,400	25,400
-200	CONTRACTOR MOVING EXP	30,000	30,000
-201	CONT FOOTAGE OR TURNKEY		
-202	CONTRACTOR DAY WORK	237,800	237,800
-205	COMPLETION UNIT		14,400
-208	DRLG FLUID & ADDITIVES	94,000	94,000
-212	WTR & FUEL FOR RIG		
-215	BITS & REAMERS	84,100	84,100
-217	CORING & CORE ANALYSES -	10,800	10,800
-219	CEMENT	44,570	71,270
-221	OPEN HOLE LOGGING	31,530	31,530
-223	DRILL STEM TSTG	39,200	39,200
-225	MUD LOGGING	14,000	14,000
-227	DIRECTIONAL DRLG SURVEYS	4,000	4,000
-229	COMPLETION TOOL RENTAL		17,540
-230	DRILLING EQUIP RENTAL	33,200	33,200
-231	TRANSPORTATION	7,500	7,500
-236	TESTING: BHP, COR, 4 PT, POT		2,500
-238	CASED HOLE LOGS & PERFING		10,000
-241	STIMULATION		7,500
-244	INSPECTION & TSTG OF TANG	12,000	12,000
-246	RIG SITE SUPERVISION	15,600	19,500
-251	FENCING	1,000	1,000
-256	FSHC TOOLS & EXPENSES	10,000	10,000
-664	ADMINISTRATIVE OVERHEAD	14,000	14,000
	ABANDONMENT COST	10,000	
	OTHER INTANGIBLES	10,000	10,000
0	CONTINGENCY (5%)	36,435	40,062
	TOTAL INTANGIBLES	765,135	841,302
	TOTAL COSTS	1,038,745	1,297,112

BEFORE EXAMINER QATANAGH
 OIL CONSERVATION DIVISION

EXHIBIT NO. 3

CASE NO. 9160

Estimated By: Michael R. Brutan

Date: 5/5/87

SFEC Approved By: Thomas G. Bentley for NCB

Date: 5-5-87

New Operator Approval By:

Date: 5-27-87



