BASS ENTERPRISES PRODUCTION CO.
FIRST CITY BANK TOWER
201 MAIN ST.
FORT WORTH, TEXAS 76102
817/390-8400

December 12, 1989

Mr. William LeMay
Director of Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico

Re: Letter dated December 1989
from Santa Fe Energy Operating Partners, L. P.

Dear Bill:

This letter will confirm our conversation regarding the correspondence you received from Santa Fe Energy reporting that Bass Enterprises Production Company had apologized for the manner in which its attorney, Tom Kellahin had examined Santa Fe Operating Partners witnesses in Case No. 9528. The account Santa Fe Energy has given is a misrepresentation of the facts, and Bass denies that such case was settled by an apology. To the contrary, the dispute was resolved by negotiating a trade that was reduced to a Farmout Agreement.

Very truly yours,

Jens Hansen
Division Landman

JH:ca

cc: Exxon Company U.S.A.
P. O. 1600
Midland, Texas 79702 - 1600
Attn: Robert C. Olsen

Sante Fe Energy
500 W. Illinois, Suite 500
Midland, Texas
Attn: Mr. D. B. Kilpatrick

Kellahin, Kellahin & Aubrey
Mr. Tom Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 740

ALBUQUERQUE, NEW MEXICO 87102-2121

(505) 768-1500

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT*
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO

JOHN C. CHAMBERS*
THOMAS D. HAINES, JR.
FRANKLIN H. McCALLUM*
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW
FRED W. SCHWENDIMANN
DAVID MORAN
JAMES R. McADAMS*
JAMES M. HUDSON
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
PAUL R. NEWTON
WILLIAM P. JOHNSON
KAREN M. RICHARDSON*
ELLEN S. CASEY
MARGARET C. LUDEWIG
SUSAN L. NIESER*
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
IWANA RADEMAEKERS*
S. BARRY PAISNER

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD
STEPHEN L. ELLIOTT

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

*NOT LICENSED IN NEW MEXICO

October 28, 1988

RECEIVED

OCT 28 1988

OIL CONSERVATION DIVISION

HAND DELIVERED

Case 9528

Ms. Florene Davidson
New Mexico Oil Conservation
Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Dear Florene:

Enclosed is an Amended Application regarding the Application of Santa Fe Energy Operating Partners for Compulsory Pooling, which I spoke to you about yesterday. The Amended Application only changes the well name in Paragraph 2.

Very truly yours,

JAMES BRUCE

JB:le
Enclosures

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 740

ALBUQUERQUE, NEW MEXICO 87102-2121

(505) 768-1500

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT*
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO

JOHN C. CHAMBERS*
THOMAS D. HAINES, JR.
FRANKLIN H. McCALLUM*
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW
FRED W. SCHWENDIMANN
DAVID MORAN
JAMES R. McADAMS*
JAMES M. HUDSON
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
PAUL R. NEWTON
WILLIAM P. JOHNSON
KAREN M. RICHARDSON*
ELLEN S. CASEY
MARGARET C. LUDEWIG
SUSAN L. NIESER*
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
IWANA RADEMAEKERS*
S. BARRY PAISNER

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD
STEPHEN L. ELLIOTT

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

*NOT LICENSED IN NEW MEXICO

December 16, 1988

M. S.

Mr. Michael E. Stogner
New Mexico Oil Conservation
Division
310 Old Santa Fe Trial
Room 206
Santa Fe, New Mexico 87503

Re: Case No. 9528, The Application of Santa Fe Energy Operating Partners, L.P. for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Stogner:

Please be advised that Santa Fe Energy Operating Partners, L.P. hereby withdraws its request for compulsory pooling of 160 acre gas spacing and puration units in the above case. As a result, there will be no request for an unorthodox gas well location.

Very truly yours,

James Bruce

JAMES BRUCE

JB:le

cc: W. Thomas Kellahin

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Roswell District Office
P.O. Box 1397
Roswell, New Mexico 88201-1397

TAKE PRIDE IN AMERICA

IN REPLY
REFER TO:

NM-45235 (PD)
3160.2 (065)

11/28
2
CA
DB
DF
DRFT

RECEIVED
NOV 28 1988
LAND DEPT.
MIDLAND, TX

NOV 23 1988

Santa Fe Energy Operating Partners, L.P.
500 W. Illinois, Suite 500
Midland, TX 79701

Gentlemen:

Your application for Permit to Drill Well No. 2 Pure Gold C-17 Federal in the SW¼NE¼ sec. 17, T. 23 S., R. 31 E., Eddy County, New Mexico, lease NM-45235, to a depth of 15,000 feet to test the Morrow formation in the oil-potash area, is hereby approved as amended by stipulations attached to the application.

One copy of the application is returned herewith. Please notify the Bureau of Land Management office checked on the attached special stipulation, in sufficient time for a representative to witness all cementing operations.

Sincerely,

Francis R. Cherry, Jr.
District Manager

Enclosure

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATORS NAME Santa Fe Energy Operating Partners, L.P. WELL NO. & NAME PURE GOLD C-17 FEDERAL No. 2
LOCATION 1980 F N L & 2310 F E L SEC. 17, T. 23 S., R. 31 E.
LEASE NO. NM-45235 - COUNTY Eddy

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

I. SPECIAL ENVIRONMENT REQUIREMENTS

( ) Lesser Prairie Chicken (Stips attached)
( ) San Simon Swale (Stips attached)
( ) Floodplain (Stips attached)
( ) Other _____

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(✓) The BLM will monitor construction of this drill site. Notify the Carlsbad Resource Area Office, BLM at least 2 working days prior to commencing construction at (505) 887-6544.

(✓) Roads and the drill pad for this well must be surfaced with 6 inches of compacted Caliche.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

( ) Other

III. DRILLING OPERATIONS REQUIREMENTS [SECRETARY'S POTASH] [CARLSBAD CONTROLLED WATER BASIN]

The Bureau of Land Management office is to be notified at (505) 887-6544, in sufficient time for a representative to witness:

(✓) 1. Spudding (✓) 2. Cement casing 13 3/8 inch 9 5/8 inch 7 inch

(✓) 3. BOP tests ( ) Other

IV. CASING

(✓) 13 3/8" surface casing should be set @ ±600'; or below all potable water and cement circulated to the surface. If cement does not circulate to the surface, this BLM office will be notified and a temperature survey or cement bond log will be run to verify the top of the cement. Remedial cementing will be done prior to drilling out of that string.

(✓) Minimum required fill of cement behind the 9 5/8" intermediate casing is to circulate to the surface.

(✓) Minimum required fill of cement behind the 7" production casing is to tieback ±600' above top of uppermost potential producing horizon.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit will be constructed almost entirely in cut material and lined with 6 mill plastic.

The excavated material may be used for construction of the pad and access road as needed.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

Optional Pit Construction Standards

The reserve pit may be constructed in predominantly fill material if:

1) Lined as specified above and,

2) A borrow/caliche/gravel pit for road and pad surfacing is constructed immediately adjacent to the reserve pit and it is capable of containing all reserve pit contents.

Reclamation of the reserve pit will consist of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

New road construction Stips

BLM Serial Number NM-45235
Company Reference Santa Fe Energy
Pure Gold C-17 Fed. #2

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS IN THE ROSWELL DISTRICT, BLM

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 12 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

☐ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (ie., 1" crown on a 12' wide road).

☑ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

☐ Flatblading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, turn-out (lead-off) ditches, culverts, and/or drainage dips.

A. All turnout ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for turnout ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES

Percent slope	Spacing interval
0 - 4%	150' - 350'
4 - 6%	125' - 250'
6 - 8%	100' - 200'
8 - 10%	75' - 150'

TYPICAL TURNOUT DITCH

1' MINIMUM DEPTH

NATURAL GROUND SURFACE

BERM

For this road the spacing interval for turnout ditches shall be:

[ ] At locations staked in the field.

[ ] At locations delineated on the attached map.

[X] at every 306 feet.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map. (Further details can be obtained from the Roswell District office or the appropriate Resource Area office.)

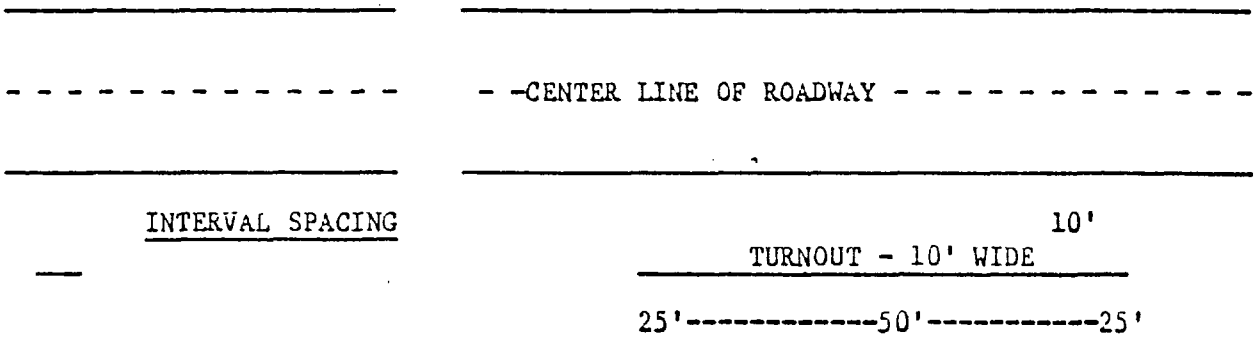
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent turnout ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Ex. 4% slope: spacing interval $= \frac{400}{4} + 100 = 200$ feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram.



5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the authorized officer, be required if necessary to maintain traffic within the right-of-way with caliche, gravel or other surfacing material which shall be approved by the authorized officer. When surfacing is required, surfacing material will be compacted to a minimum thickness of 6 inches with Caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads, (exceeding H-20 loading,) are anticipated. (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

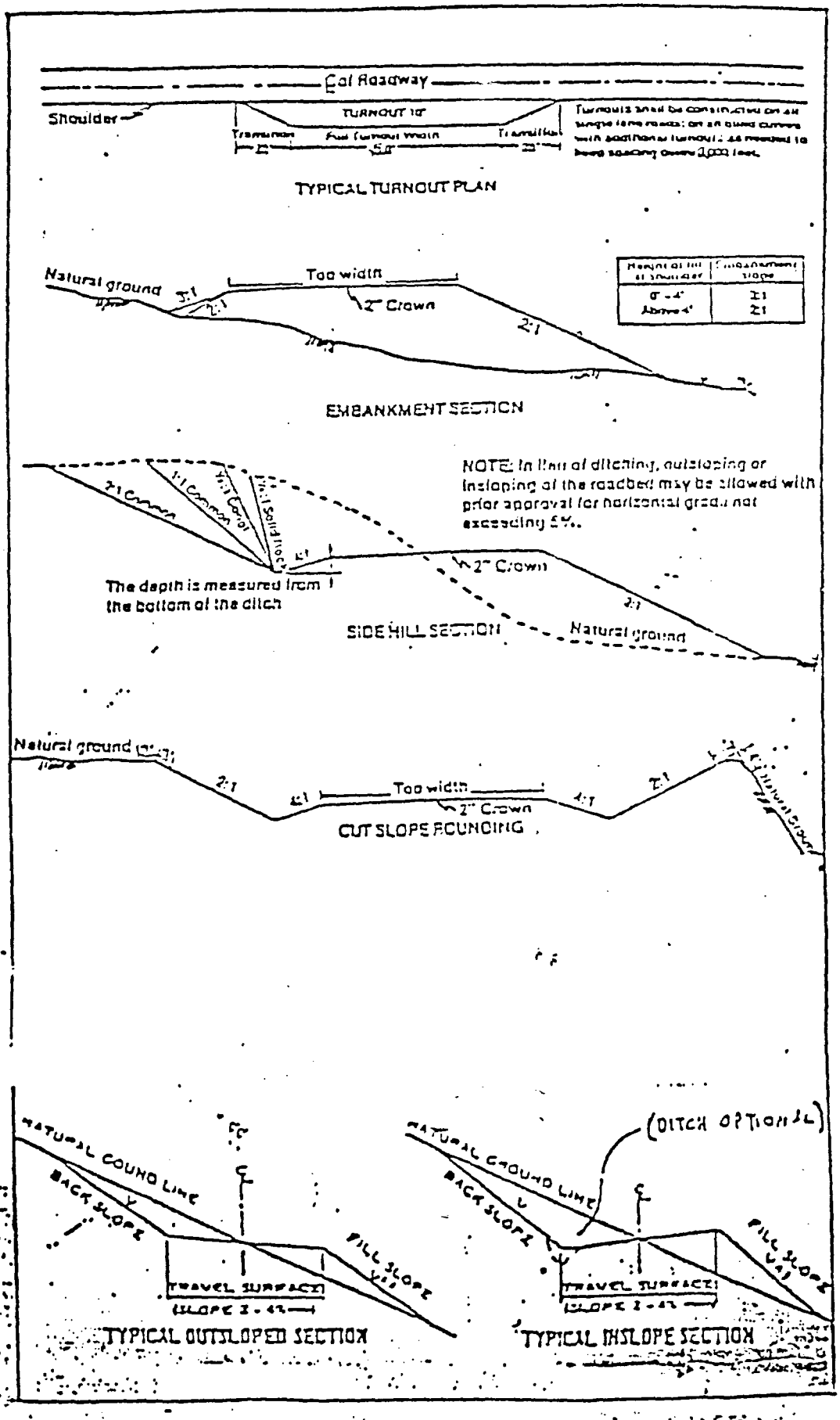
The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. SPECIAL STIPULATIONS:

FIGURE 1 CROSS-SECTIONS AND PLANS FOR TYPICAL ROAD SECTIONS. REPRESENTATIVE OF BLM RESOURCE , AND HIGHER CLASS, ROADS.
Travel way, top width, driving surface and travel surface are synonomous



Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM45235

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Pure Gold C-17 Federal

2. NAME OF OPERATOR: Santa Fe Energy Operating Partners, L.P.

9. WELL NO.: 2

3. ADDRESS OF OPERATOR: 500 W. Illinois, Suite 500, Midland, TX 79701

10. FIELD AND POOL, OR WILDCAT: West Sand Dunes Morrow

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FNL, 2310' FEL, Section 17, T-23S, R-31E
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 17, T-23S, R-31E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 40 miles NW of Jal, N.M.

12. COUNTY OR PARISH: Eddy

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1980'	320	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
N/A	15,000	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3321' GR.

22. APPROX. DATE WORK WILL START*: As soon as possible

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48.0	600'	1175 cu.ft. circulated
12 1/4"	9 5/8"	40.0	4,150'	3892 cu.ft. circulated
8 1/2"	7"	26.0 & 29.0	11,900'	1200 cu.ft. circulated
6"	4 1/2"	13.5	11,400-15,000'	660 cu.ft.

13 3/8" casing will be cemented with sufficient Class "C" cement containing 4% gel, 1/4#/sk cellofane flakes to circulate to surface when followed by 330 cu.ft. of Class "C" with 2% Calcium Chloride.

9 5/8" casing to be cemented with sufficient lite cement to circulate to surface when followed by 262 cu.ft. Class "C" containing 2% Calcium Chloride.

7" casing to be cemented with 50/50 Class "H" Poz containing 6# salt per sack and 0.6% fluid loss reducer to bring cement to 8,000'.

4 1/2" casing to be cemented with sufficient Class "H" cement containing 0.6% fluid loss reducer, 0.4% friction reducer, 0.6% gas block agent and 5#/sk KCl to fill to 300' above liner top. All cement to weigh at least 1 ppg more than mud weight used to drill the interval.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Michael R. Burton TITLE District Drilling Engineer DATE 10-17-88

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 14-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
SANTA FE ENERGY OPERATING PARTNERS, L.P.	PURE GOLD "C-17" FEDERAL	2

Unit Letter	Section	Township	Range	County
G	17	23-SOUTH	31-EAST	EDDY

Actual Footage Location of Well:
1980 feet from the NORTH line and 2310 feet from the EAST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3321'	Morrow	West Sand Dunes Morrow	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

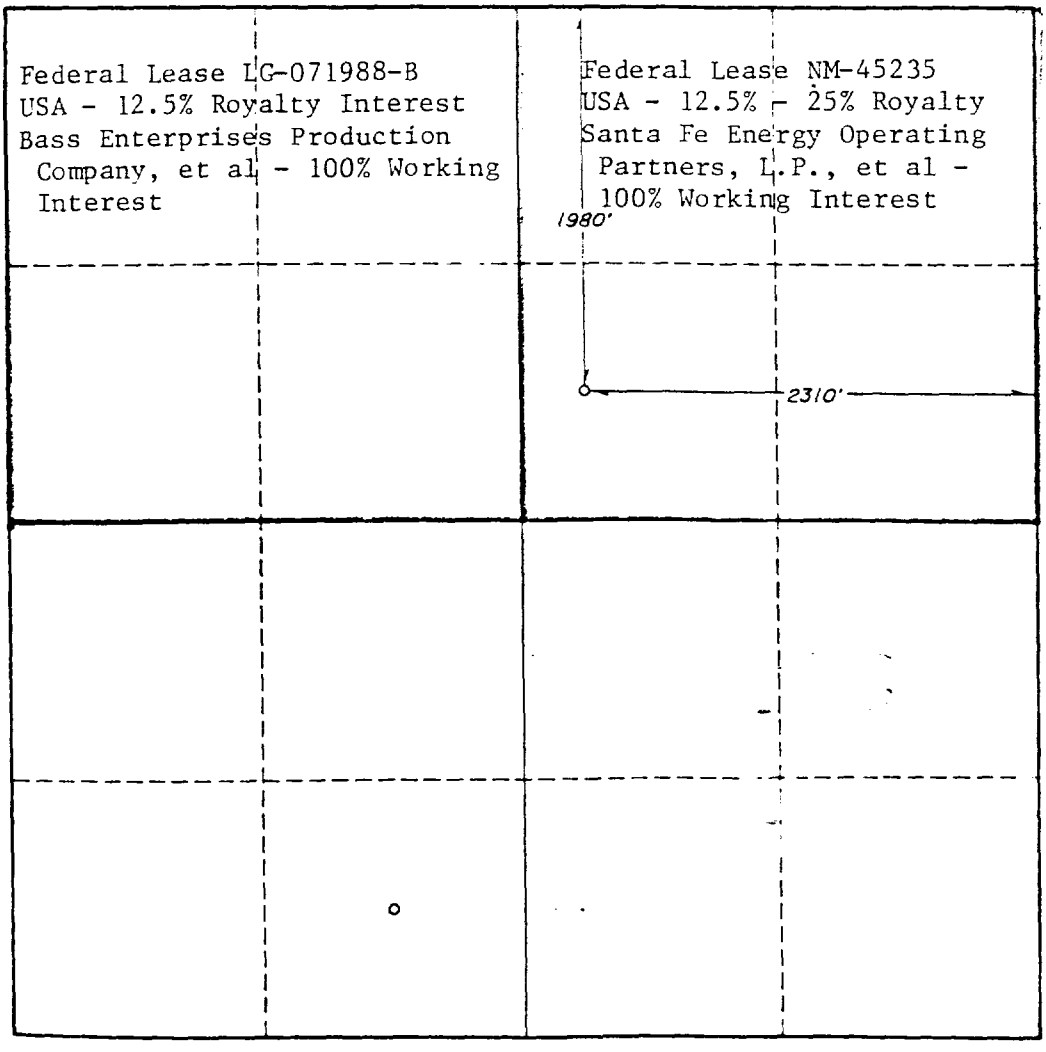
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) None

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Michael R. Burton

Name
Michael R. Burton

Position
District Drilling Engineer

Company
Santa Fe Energy Operating Partners, L.P.

Date
10/18/88

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
OCTOBER 12, 1988

Registered Professional Engineer and/or Land Surveyor

Certificate No.
6669

APPLICATION FOR DRILLING
SANTA FE ENERGY OPERATING PARTNERS, L.P.
Pure Gold C-17 Federal No. 2

In conjunction with form 9-331C, Application to Drill subject well, Santa Fe Energy Operating Partners, L.P., submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geologic surface formation is sand.

2. The estimated tops of geologic markers are as follows:

Rustler	900'
Base of Salt	3,390'
Delaware Lamar Lime	4,055'
Cherry Canyon	4,920'
Bone Spring	8,305'
Wolfcamp	11,225'
Strawn	12,930'
Atoka	13,199'
Morrow Clastics	13,766'
Top Lower Morrow	14,637'
T.D.	15,000'

3. The estimated depth at which water, oil, or gas formations are expected to be encountered:

Water	Water is not expected to be encountered.	
Oil or Gas	Wolfcamp	11,225' - 12,930'
	Strawn	12,930' - 13,250'
	Atoka	13,250' - 13,766'
	Morrow	13,766' - 15,000'

4. Proposed casing program: See Form 9-331C and Exhibit A.

5. Pressure control Equipment: See Form 9-331C and Exhibit B.

6. Drilling Fluid Program: See Exhibit C.

7. Auxiliary Equipment: See Exhibit D.

8. Testing, Logging and Coring Programs:

Drill Stem Test (all DST's to be justified by a valid show of oil or gas):

Wolfcamp	11,225' - 12,930'
Strawn	12,930' - 13,250'
Atoka	13,250' - 13,766'
Morrow	13,766' - 15,000'

Logging:

Logging from 4150' - TD
Dual Laterolog with Gamma Ray
Neutron-Density with Gamma Ray
Computer Process Log over selected intervals

Logging from surface to 4150'
Neutron with Gamma Ray

9. Abnormally high pressured zones are expected at this location. Sufficient barite will be on location to enable the weighting up of the drilling fluid to control any high pressured zone encountered. Along with the above mentioned primary control, a Blow Out Preventer System as outlined in Exhibit B will be utilized should the need arise to shut the well in prior to running and cementing production casing.

10. Starting Date: As soon as possible.

Michael R. Burton
10-17-88

MRB:dw-800
Attachments

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
SANTA FE ENERGY OPERATING PARTNERS, L.P.
Pure Gold C-17 Federal No. 2
1980' FNL, 2310' FEL
Section 17, T-23S, R-31E
Eddy County, New Mexico

This plan is submitted with Form 9-331C, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed by rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS.

   A. Exhibit E is a topographic map of a scale of approximately one inch to 2000' which shows location of the proposed wellsite and roads in the vicinity. The proposed location is situated approximately 40 miles northwest of Jal, New Mexico.

      DIRECTIONS:

      1. From junction on Highway 31 and Highway 128, go southeast on Highway 128 for 12.1 miles.

      2. Turn left (North) onto lease road and follow road to location, approximately 0.7 miles.

2. PLANNED ACCESS ROAD.

   A 14' wide access road will extend from an existing well on the west boundary of Section 17 into the wellsite in Section 17.

3. LOCATION OF EXISTING WELLS.

   A. The well locations in the vicinity of the proposed well are shown in Exhibit F.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

   A. There is no producing well on this lease at this time.

   B. In the event the well is productive, the necessary production equipment will be installed on the drilling pad. If the well is productive of oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY.

   A. It is planned to drill the well with both fresh water and brine water systems. Both types of waters will be hauled to the location by truck over existing roads. Both types of waters will be obtained from commercial sources.

6. SOURCES OF CONSTRUCTION MATERIALS.

   A. Any caliche required for construction of the drilling pad will be obtained from a pit to be opened at this location.

7. METHODS OF HANDLING WASTE DISPOSAL.

   A. Drill cuttings will be disposed of in the reserve pits.

   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

   C. Water produced during operations will be either placed in the reserve pits and allowed to evaporate or collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the USGS for appropriate approval.

   D. Oil produced during operations will be stored in tanks until sold.

   E. Human waste will be buried.

   F. Trash, waste paper, garbage, and junk will be buried in a separate trash pit and covered with a minimum of 36" of dirt. All waste material will be contained to prevent scattering by the wind.

   G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES.

   None required.

9. WELLSITE LAYOUT.

   A. Exhibit G shows the dimensions of the well pad and reserve pits, and the location of major rig components.

   B. The ground surface of the location is sloping down toward the northwest. Cutting will be required to level the pad area, which will be covered with at least six inches of compacted caliche.

C. The reserve pits will be plastic lined.

D. A 400' X 400' work area which will contain the pad and pit area has been staked and flagged.

10. PLAN FOR RESTORATION OF THE SURFACE.

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in as aesthetically pleasing a condition as possible.

B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be compiled with and will be accomplished as expeditiously as possible. All pits will be filled and levelled within 300 days after abandonment.

11. TOPOGRAPHY.

A. The wellsite is located in a hilly area.

B. The top soil at the wellsite is sandy.

C. The vegetation cover at the wellsite is moderately sparse, with prairie grasses, some yucca, and miscellaneous weeds.

D. No wildlife was observed but it is likely that rabbits, lizards, insects, and rodents traverse the area.

E. There are no ponds, lakes, streams, or rivers within one mile of the wellsite.

F. The wellsite is located on federal surface.

G. There is no evidence of any archaeological, historical, or cultural sites in the vicinity of the location.

12. OPERATOR'S REPRESENTATIVES.

A. The field representative responsible for assuring compliance with the approved surface use plan are:

Hugh Boyt
District Production Manager
Santa Fe Energy Operating
Partners, L.P.
500 West Illinois, Suite 500
Midland, Texas 79701
915/687-3551 - office
915/697-4768 - home

Michael R. Burton
District Drilling Engineer
Santa Fe Energy Operating
Partners, L.P.
500 West Illinois, Suite 500
Midland, Texas 79701
915/687-3551 - office
915/699-1260 - home
915/683-1118 - mobile

13. CERTIFICATION.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Santa Fe Energy Operating Partners, L.P., and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Signed this 18th day of October, 1988.

Michael R. Burton
Michael R. Burton
District Drilling Engineer

MRB:dw-800a

SANTA FE ENERGY OPERATING PARTNERS, L.P.
OPERATIONS PLAN
Pure Gold C-17 Federal No. 2

1. Drill a 17 1/2" hole to 600'.

2. Run 13 3/8" 48.0 ppf H-40 casing. Cement with 500 sacks lite weight cement containing 3% salt and 1#/sack hi-seal followed by 400 sacks Class C containing 2% Calcium Chloride. Run Texas Pattern shoe on bottom and float collar one joint above shoe. Run centralizers on every other joint above shoe. Apply thread lock to bottom two joints, float collar and guide shoe.

3. Wait on cement six hours.

4. Cut off casing. Nipple up and install BOP system.

5. Test casing to 600 psi after cement has attained 500 psi compressive strength.

6. Drill an 12 1/4" hole to 4150'.

7. Run 9 5/8" 40.0 ppf K-55 casing. Cement with sufficient lite weight cement containing 5# salt per sack and 1# hi-seal per sack followed by 640 sacks Class C Neat to circulate cement to surface. Centralize bottom 1000' of casing with one centralizer on every third joint above shoe. Run guide shoe on bottom and float collar two joints above shoe. Apply thread lock to bottom two joints, float collar and shoe.

8. Wait on cement six hours.

9. Cut off 13 3/8" casinghead. Install 9 5/8" casinghead. Install BOP stack and choke manifold.

10. Test BOP stack and choke manifold to 5000 psi. Test casing to 1500 psi.

11. Drill 8 1/2" hole to first good lime section after topping Wolfcamp. This is anticipated to be at 11,900'±.

12. Run logs.

13. Run 7" 29.0 ppf S-95 casing. Cement with sufficient lite weight cement containing 0.75% fluid loss reducer 2#/sack hi-seal followed by 300 sacks Class H with 1% fluid loss reducer to fill 8,000'. Run guide shoe on bottom and float collar two joints above shoe. Centralize bottom 1000' with centralizers placed on every other joint above shoe.

14. Nipple down BOP. Set slips. Cut off casing. Nipple up BOP.

15. Test BOP and choke manifold to 5000 psi.

16. Test casing to 5000 psi.

17. Drill 6" hole to 15,000'.

18. Run logs.

19. Run 4 1/2" 13.5 ppf S-95 liner to extend 11,400' to 15,000'. Cement with sufficient Class H cement containing 1.5% fluid loss to circulate liner. Run float collar two joints above float shoe.

20. Blow out preventer equipment will be pressure tested to 5000 psi upon initial installation, anytime equipment is worked on or changed, and every 30 days, whichever is sooner.

21. Blowout preventer equipment including both pipe ram preventers, blind ram preventer, and values on choke manifold will be rated at 5000 psi working pressure or greater.

Exhibit A
Santa Fe Energy Operating Partners, L.P.
Pure Gold C-17 Federal No. 2
Section 17, T-23S, R-31E
Eddy County, New Mexico

MRB:dw-800b

PROPOSED BOPE AND CHOKE ARRANGEMENT

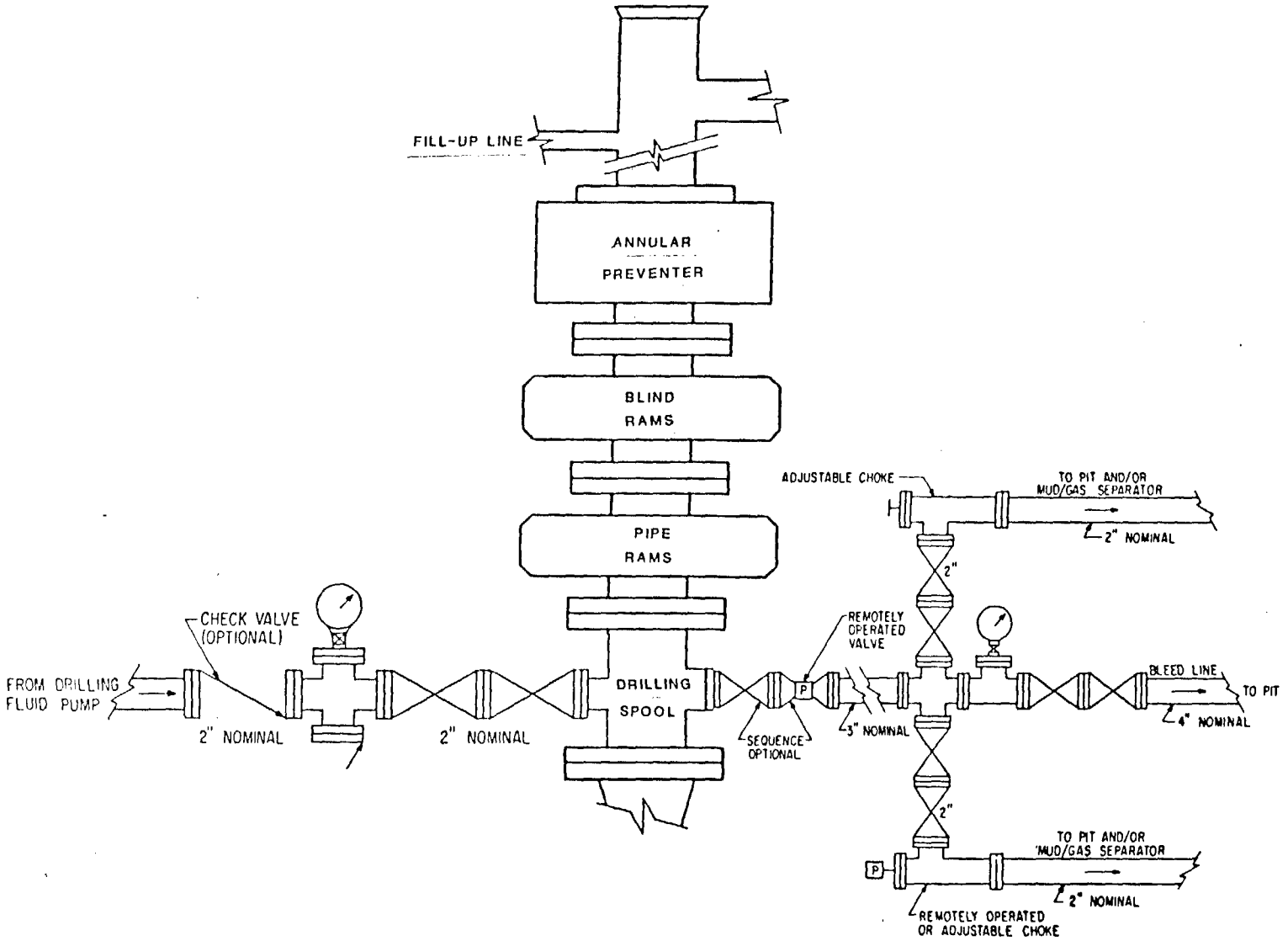


EXHIBIT B

SANTA FE ENERGY OPERATING PARTNERS, LP.
PURE GOLD "C" FEDERAL No. 2
SECTION 17, T 23 S, R 31 E 1980 FNL, 2310 FEL
EDDY CO., NEW MEXICO

PROPOSED DRILLING FULID PROGRAM

0 - 600'

Spud mud consisting of AQUAGEL flocculated with Lime. Use ground paper for seepage loss of fluid and KWIK-SEAL, FIBERTEX and Cottonseed Hulls for severe or total loss.

If total loss of circulation occurs, we suggest mixing two or three 150-200 barrel pills of viscous AQUAGEL/Lime mud treated with 10-15 ppb KWIK-SEAL and/or Cottonseed Hulls. If this does not regain circulation, we suggest drilling to casing point without returns and spotting a similar pill on bottom prior to logging and running casing.

600 - 4,150'

Drill out with brine water and treat with CON DET and BEN-EX/MF-1 to flocculate solids. Circulate controlled section of the reserve pit. Use ground paper for seepage loss. Use pre-hydrated AQUAGEL or ZEOGEL/paper slugs as needed to sweep hole. For corrosion control, use Sodium Bichromate.

4,150 - 11,900'

Drill out with fresh water or cut brine circulating a controlled section of the reserve pit using BEN-EX/MF-1 and CON DET for control of solids buidup. The fluid weight in this interval should be 8.5-9.5 pH. Use ZEOGEL/ground paper or pre-hydrated AQUAGEL pills to sweep the hole free of cutting when needed and prior to trips. Use Lime for a 9.0-9.5 pH. Use Sodium Bichromate at 600-800 ppm concentration for drill pipe and casing corrosion control.

The addititions of MR-1/BEN-EX and CON DET may be used for control of solids buildup. Use ZEOGEL/ground paper sweeps for seepage and additional hole cleaning. Should abnormal pressures be encountered in the Strawn formation an early mud up may be necessary.

11,900 - 15,000'

Prior to entering the Atoka, limit circulation to the steel pits and treat out hardness with Soda Ash. Lower filtrate to 10-15 cc with DEXTRID/PAC-R. Add XC Polymer for desired viscosity. Use BAROID for density as dictated by hole conditions. This non-dispersed bipolymer system should have the following properties:

Weight:	To be dictated by hole conditions
Viscosity:	34-38 sec/1000 cc
Filter Loss:	10-15 ml

Exhibit C
Santa Fe Energy Operating Partners, L.P.
Pure Gold C-17 Federal No. 2
Section 17, T-23S, R-31E
Eddy County, New Mexico

MRB:dw-800c

AUXILLIARY EQUIPMENT

DRAW WORKS	National 80-B
COMPOUND/ENGINES	National 3 Section compound Three Caterpillar D379 diesel engines.
ROTARY	27 1/2" National C-275
MAST/SUBSTRUCTURE	Derrick Service International 142' jacknife. 25' high substructure.
TRAVELING EQUIPMENT	National 545-G 350 ton hook and block. National P-400 400 ton swivel.
PUMPS	Two National 8-P-80, 6 1/4" X 8 1/2" 800 HP triplex pumps charged by 6" X 8" centrifugal pump.
PIT SYSTEM	Three steel mud pits with lightning mixers. Two 6" X 8" centrifugal pumps each driven by a 75 HP electric motor.
GENERATORS	Two 320KW AC generators each powered by a turbo-charged diesel engine.
BOP EQUIPMENT	One annular and two ram preventers rated at 5000 psi. Choke Manifold rated at 5000 psi.

Exhibit D
Santa Fe Energy Operating Partners, L.P.
Pure Gold C-17 Federal No. 2
Section 17, T-23S, R-31E
Eddy County, New Mexico

MRB:dw-800d

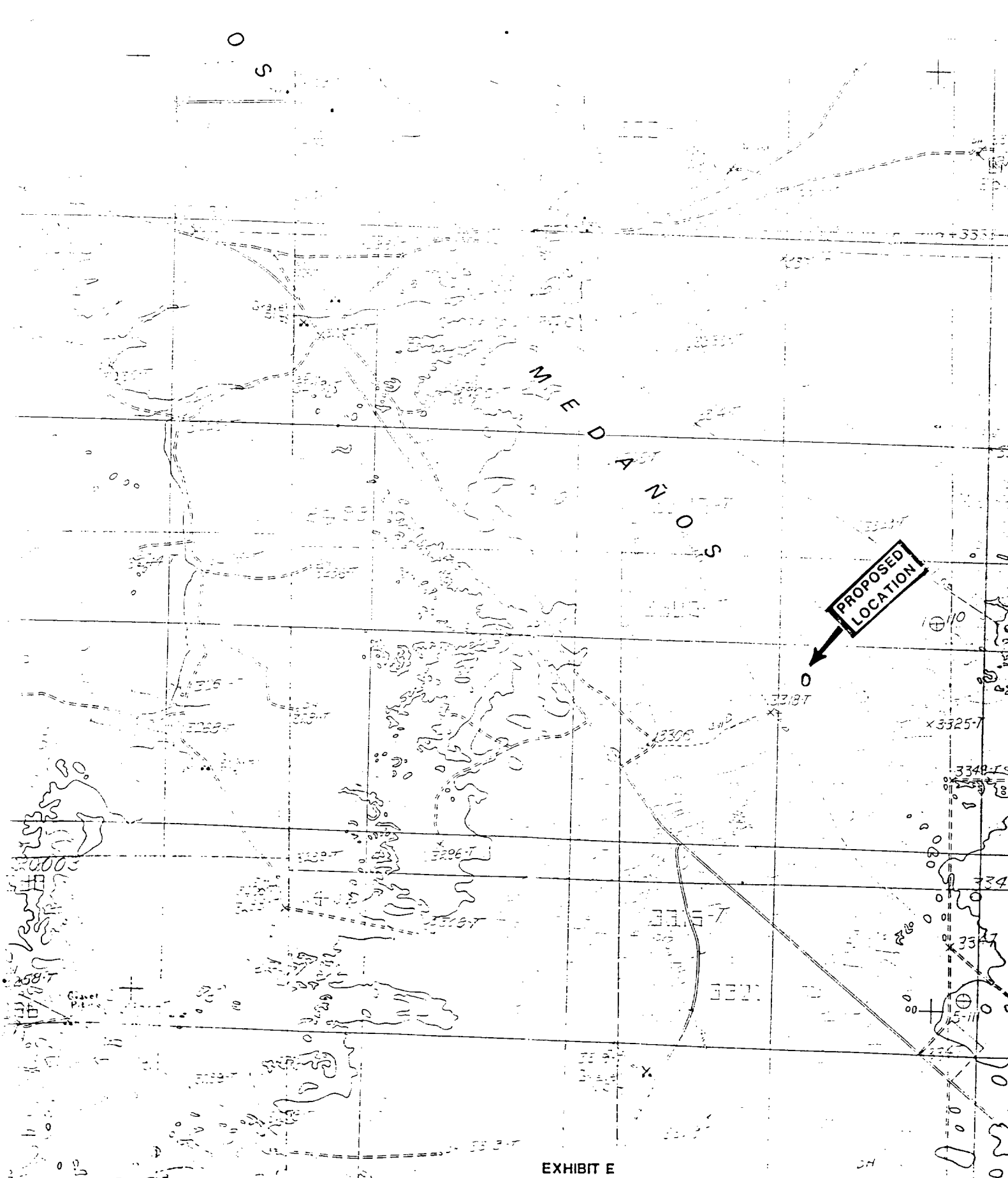


EXHIBIT E

SANTA FE ENERGY OPERATING PARTNERS, LP.
PURE GOLD "C" FEDERAL No. 2
SECTION 17, T 23 S, R 31 E 1980 FNL, 2310 FEL
EDDY CO., NEW MEXICO

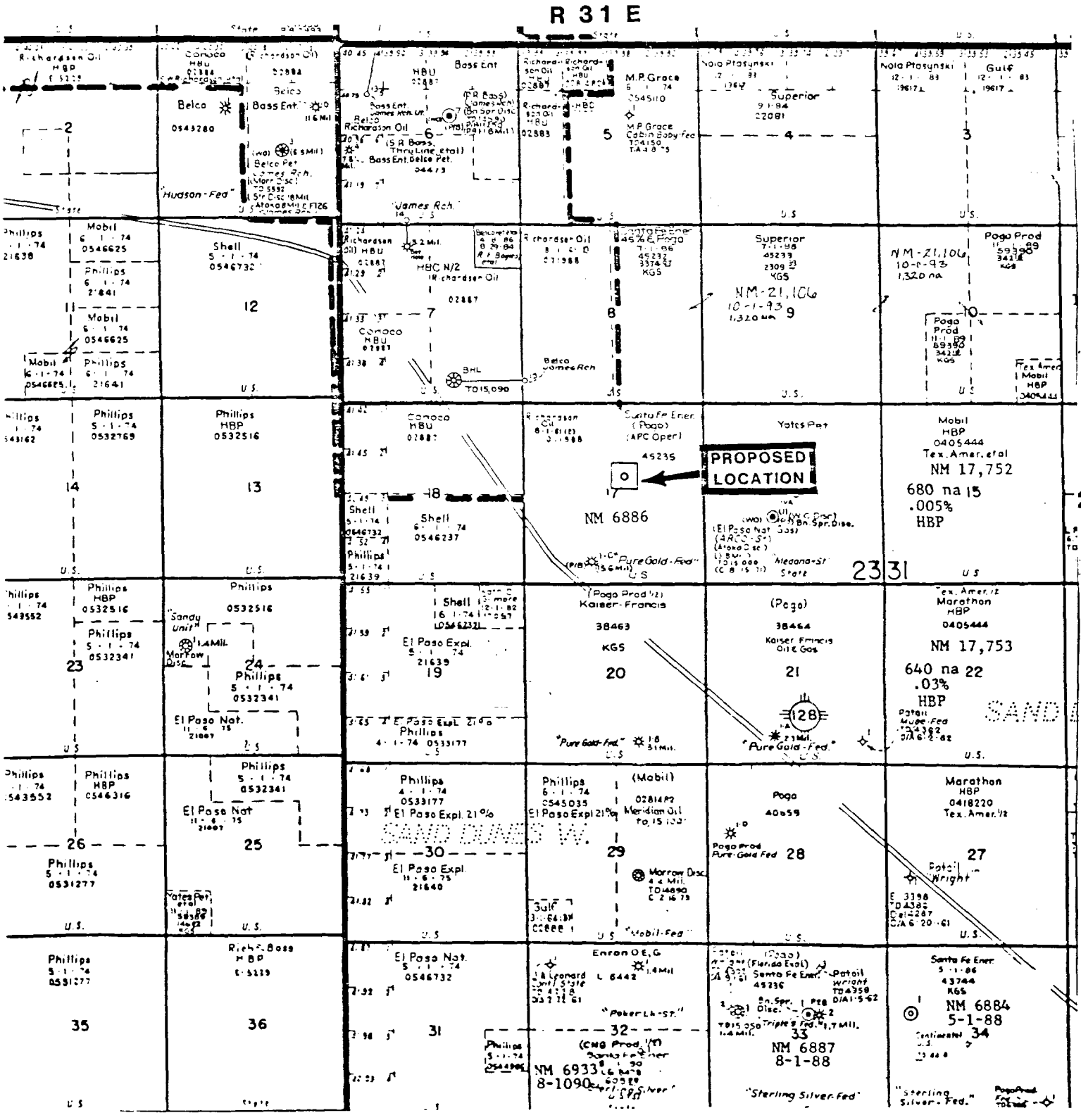
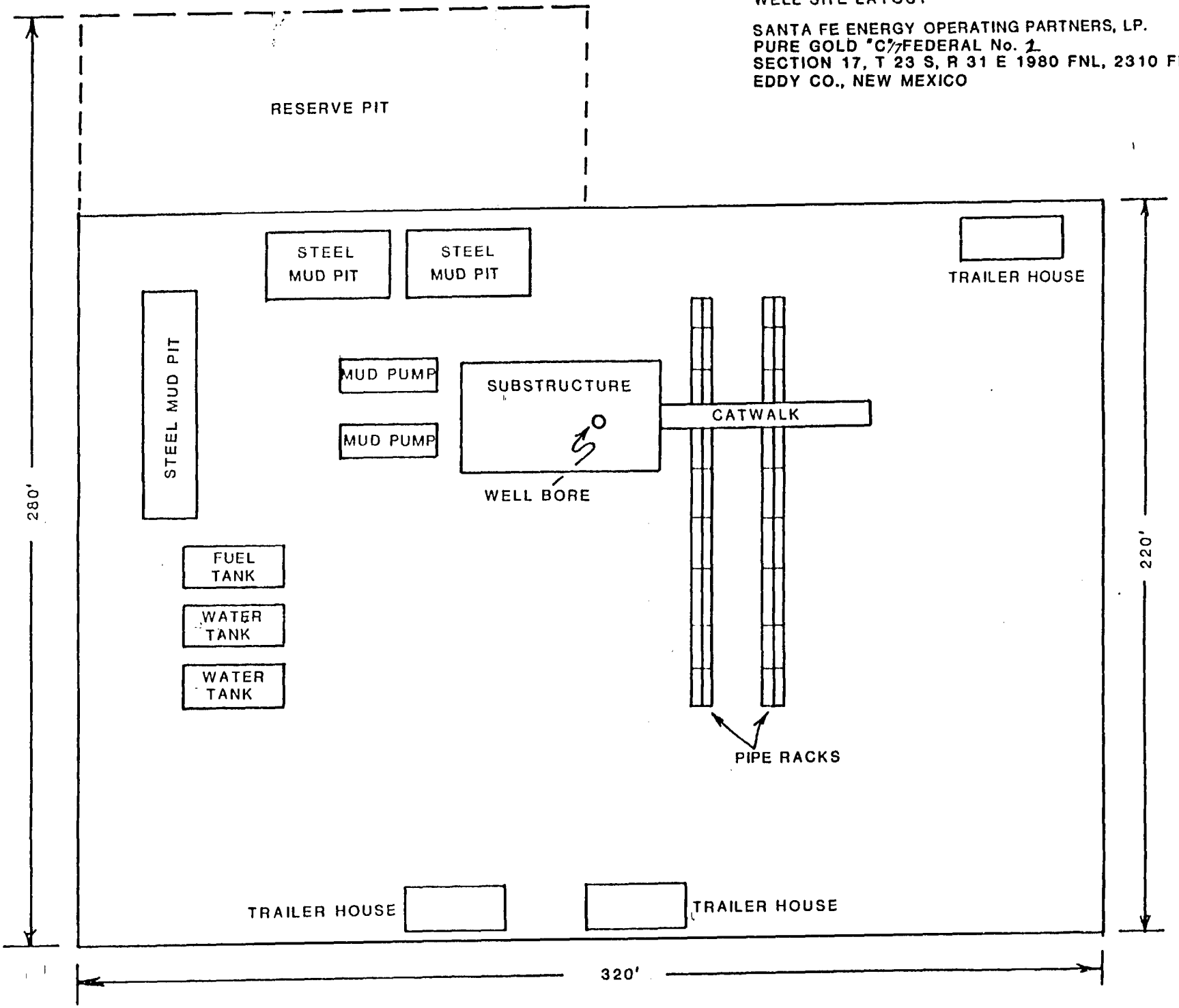


EXHIBIT F

SANTA FE ENERGY OPERATING PARTNERS, LP.
PURE GOLD "C" FEDERAL No. 1
SECTION 17, T 23 S, R 31 E 1980 FNL, 2310 FEL
EDDY CO., NEW MEXICO

EXHIBIT G
WELL SITE LAYOUT

SANTA FE ENERGY OPERATING PARTNERS, LP.
PURE GOLD "C" FEDERAL No. 2
SECTION 17, T 23 S, R 31 E 1980 FNL, 2310 FEL
EDDY CO., NEW MEXICO



Drilling Schedule
Pure Gold C Federal No. 2
October 10, 1988

LOCATION:

1980' FNL & 2310' FEL, Section 17, T-23-S, R-31-E, Eddy County, New Mexico

ELEVATION:

3,320'

ESTIMATED FORMATION TOPS:

FORMATION	TOPS
Rustler	900'
Base of Salt	3,390'
Delaware Lamar Lime	4,055'
Cherry Canyon	4,920'
Bone Springs	8,305'
Wolfcamp	11,225'
Strawn	12,930'
Atoka	13,199'
Morrow	13,766'
Lower Morrow	14,637'
Total Depth	15,000'

GENERAL INSTRUCTIONS:

1. Call in morning report to Permian Basin District Office before 8:30 a.m. CDT. Call report to Mike Burton on weekends and holidays between 8:00 and 8:30 a.m. CDT.

2. Have mud logger rigged up and logging by 4,000'.

3. Run deviation surveys every 500'.

4. Notification:

Bureau of Land Management Carlsbad office 505-887-6544
Santa Fe Energy Company Midland office 915-687-3551

COMPANY	PERSON	HOME	MOBILE
Santa Fe Energy	Mike Burton	915-699-1260	915-683-1118
Santa Fe Energy	Dugan Douglas	915-694-7663	505-
Santa Fe Energy	Randy Ford	915-697-7197	915-683-4031
Santa Fe Energy	Hugh Boyt	915-697-4768	

DRILLING PROCEDURE:

1. Move on location and rig up drilling rig.

2. Drill 17-1/2" hole to 600'.

3. Run 13-3/8" 48.0 ppf H-40 ST&C casing to TD. Texas Pattern guide shoe on bottom. Install baffle plate in top of 2nd joint. Run 5 centralizers spaced one each on every third joint above shoe. Cement with 450 sx Class "C" containing 4% gel and 1/4 lb flocele per sack mixed at 13.5 ppg followed by 250 sx Class "C" containing 2% $CaCl_2$ mixed at 14.8 ppg. Displace cement to baffle plate. Wait on cement for 6 hours before releasing tension in casing.

4. Cut off casing and install 13-3/8" SOW x 13-5/8" 3,000 psi casing head. Install diverter system. Test casing and diverter system to 1,000 psi.

5. Drill 12-1/4" hole to 4,150'. Have mud logger help pick casing seat in Delaware Lamar Lime below 4,055'. Run fluid caliper prior to T.D.

6. Run 9-5/8" 40.0 ppf K-55 LT&C casing to T.D. Run guide shoe on bottom and float collar two joints off of bottom. Run 10 centralizers as follows: 3 spaced one each on every third joint above shoe and 7 spaced one each on every third joint from 200' below base of surface casing to surface. Cement with sufficient Halliburton "Light" containing 15 lb salt and 1/4 lb flocele per sack mixed at 12.7 ppg followed by 200 sx Class "C" containing 2% $CaCl_2$ mixed at 14.8 ppg to circulate cement to surface. Sufficient cement means fluid caliper plus 25%. Wait on cement 6 hours before releasing tension in casing.

7. Cut off 13-3/8" casing head. Install 9-5/8" SOW x 11" 5,000 psi casing head with 11" 5,000 psi x 11" 10,000 psi DSA. Install spacer spool. Install 11" 10,000 psi triple ram BOP stack with hydril and rotating head. Test BOP stack and casing to 1,500 psi.

8. Drill 8-1/2" hole to 9,000'. Run dual induction log.

9. Continue drilling 8-1/2" hole to 11,900'. While drilling 8-1/2" hole, install choke manifold, mud/gas separator and bar bins. Make sure all mud cleaning equipment works. Install PVT's and flow sensor. Inspect 3-1/2" drill pipe and put on racks. Install drill pipe rubbers. Inspect 7" casing and put on top of drill pipe on racks. Test floor safety valve and inside BOP for use with 3-1/2" drill string to 10,000 psi.

10. At 11,900', run logs. Run Magnetic Multishot Survey from 11,900' to 4,150' and Gyroscopic Multishot Survey from 4,150' to surface. Lay down drill string and run 7" casing. 7" casing string consists of approximately 4,250' 29.0 ppf S-95 LT&C and 7,650' 29.0 ppf P-110 LT&C. Run float shoe on bottom and float collar two joints off of bottom. Run centralizers on every third joint on bottom 1,000' of casing and on every third joint from 200' below to 200' above possible producing zones. Cement with sufficient Class "H" 50/50 Poz containing 2% gel, 6 lb salt per sack, and 0.3% Halad 22A to fill to 8,000'. Cement to weigh 14.3 ppg.

11. Pick up stack. Set slips. Utilize as much of the casing weight hanging in the elevators to set the slips as possible.

12. Cut off 7". Remove spacer spool and DSA. Install 11" 5,000 psi x 7-1/16" 10,000 psi tubing head with 7-1/16" 10,000 psi x 11" 10,000 psi DSA. Bolt BOP stack down and test all rams, choke line, kill line and all valves to 10,000 psi. Test hydril to 5,000 psi. Test upper and lower kelly valve to 10,000 psi. Test casing to 3,100 psi by closing blind rams and pumping through kill line.

13. Pick up drill string. Drill shoe and 10' of formation. Test formation to 13.5 ppg MWE (3,100 psi).

14. Drill 6" hole to TD.

15. Log.

16. Run 4-1/2" 13.5 ppf S-95 LT&C liner from TD to 11,500'. Cement with sufficient Class "H" containing 0.6% Halad 22A, 0.4% CFR-3, 5 lb KCL per sack and 0.6% FDP-C380 to fill to 500' above liner top. Trip out of hole with liner setting tool. Pick up 6" bit. Clean out to liner top. Trip out of hole. Pick up Howco RTTS packer. Trip in hole. Swab test liner by displacing drill pipe with water and observing for flow back for 2 hours. If no flow is observed, displace mud with water. Lay down drill string.

17. Nipple down BOP stack. Install plate on top of tubing head.

18. Release rig.

CASING PROGRAM:

SIZE	WEIGHT	GRADE	COUPLING	DEPTH
13-3/8"	48.0	H-40	ST&C	0- 600'
9-5/8"	40.0	K-55	ST&C	0- 4,150'
7"	26.0	S-95	LT&C	0- 4,250'
7"	29.0	P-110	LT&C	4,250-11,900'
4-1/2"	13.5	S-95	LT&C	11,400-15,000'

WELLHEAD EQUIPMENT:

13-3/8" SOW X 13-5/8" 3,000 psi casinghead.
9-5/8" SOW x 10" 5,000 psi casinghead with two 2-1/16" 5,000 psi L.P. outlets.
10" 5,000 psi x 7-1/16" 10,000 psi tubing head with two 1-13/16" 10,000 psi flange outlets.

CEMENT PROGRAM (Halliburton):

13-3/8" Cement with 450 sack Class "C" containing 4% gel, 1/4 lb flocele per sack followed by 250 sack Class "C", 2% $CaCl_2$. Circulate cement to surface.

9-5/8" Run fluid caliper to determine cement volume required to circulate cement to surface. Cement with Halliburton light containing 15# salt per sack and 1/4# flocele per sack followed by 200 sacks Class "C" neat containing 2% $CaCl_2$.

7" Bring cement back to 8,000'. Determine actual cement volume from caliper. Cement with 50/50 Class "H" Poz A containing 2% gel, 6% salt per sack and 0.3% Halad 22A.

4-1/2" Run sufficient cement to fill to 300' above liner top. Cement with Class "H" + 0.6% Halad 22A, 0.4% CFR-3, 0.6% FDP-C380, 5# KCL per sack.

MUD PROGRAM:

0 - 600' Spud mud.

600 - 4,150' Fresh water to top of salt. Then allow system to brine up. Some loss of circulation and/or water flows possible.

4,150 - 11,900' Fresh water. Keep mud weight as low as possible.

11,900 - 15,000' Drill out with fluid used to finish 8-1/2" hole. Prior to entering Atoka, displace with 10.0 ppg brine. May need to weight up to 12.5 ppg to control Atoka. Lower fluid loss to 10 cc/30 min for drilling Morrow.

LOGGING PROGRAM:

0 - 4,150' CNL-GR
4,150 - 15,000' CNL-FDC-GR, BHCS-GR-CAL, DLL-MSFL-GR
Depending upon shows encountered, may want to run DLL-MSFL-GR after drilling the Delaware sands.

DISTRIBUTION

M. Burton
R. Ford
D. Douglas
H. Boyt
T. Parker

cycl569 MRB

BASS ENTERPRISES PRODUCTION CO.
FIRST CITY BANK TOWER
201 MAIN ST.
FORT WORTH, TEXAS 76102
817/390-8400

November 9, 1988

Case 9528

Sante Fe Energy Operating Partners, L. P.
500 W. Illinois
Suite 500
Midland, Texas 79701

Attention: Mr. Gary Green, Landman

Re: Pure Gold Federal No. 2
N/2 Section 17, T23S-R31E
Eddy County, New Mexico
Bass Lease No. 3850-Federal

Dear Sir:

This letter will acknowledge receipt of your letter dated October 31, 1988, transmitting a pooling application seeking an order from the New Mexico Oil Conservation Division to pool Bass' interest in the N/2 of Section 17 for the drilling and spacing unit for the drilling of the referenced well. We want you to be aware that Sante Fe failed to either contact or consult Bass regarding the proposed well prior to filing the pooling application.

Bass is evaluating your well proposal for possible participation. However, at this time Bass is not supporting Sante Fe as operator, inasmuch as Bass owns a full interest in the oil and gas lease covering the NW/4, which is a 50% working interest in the drilling and spacing unit. According to a 1983, title opinion, Sante Fe's record title in the oil and gas lease covering the NE/4 of Section 17 is 32%, or a 16% working interest in the drilling and spacing unit.

It would be appreciated if you would advise us of any additional interest you have acquired to support your request to be named operator. Should Sante Fe own less than a 50% working interest in the N/2 of Section 17 prior to the date of the pooling hearing (November 22, 1988), Bass will seek to be named operator of the well. In this regard, an operating agreement and AFE are being prepared and will be sent to you in the very near future for your consideration.

Very truly yours,

Jens Hansen

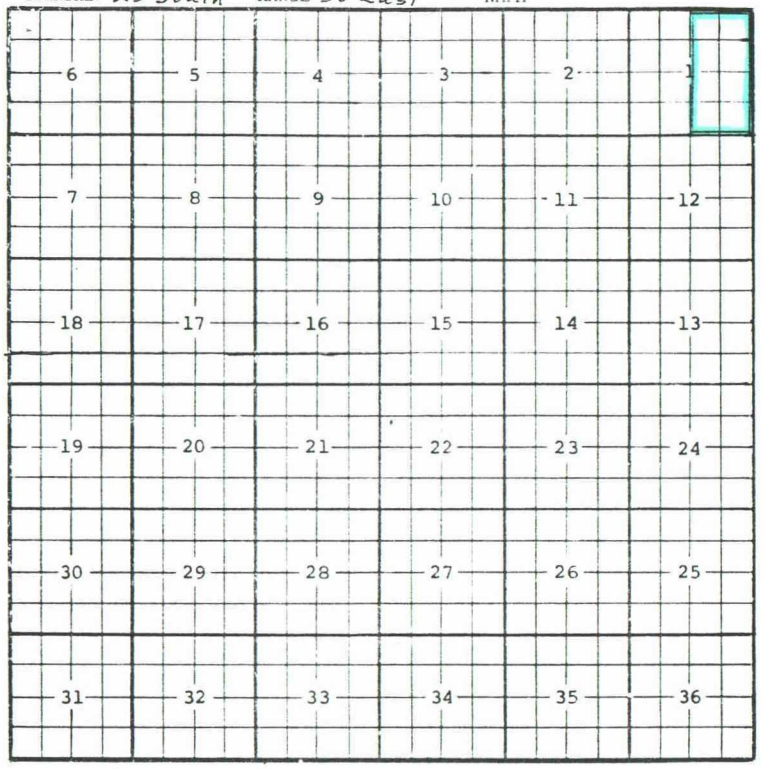
JH:ca

cc: Victor Lyon
New Mexico Oil of Conservation Division
Sante Fe, New Mexico

320

COUNTY Eddy POOL Los Medanos - Morrow Gas

TOWNSHIP 23 South RANGE 30 East NMPM

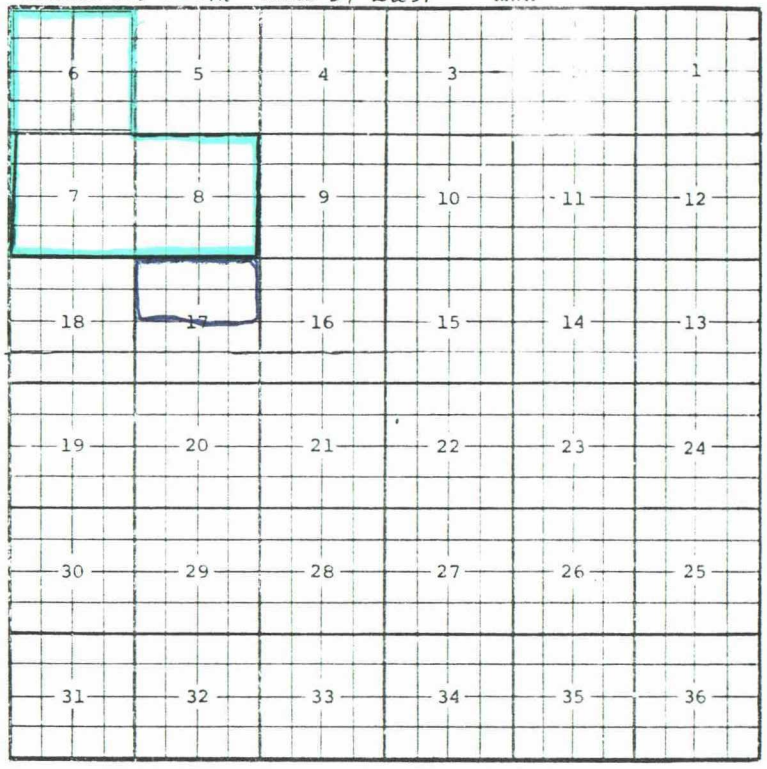


Description: E/2 Sec 1 (R-4809, 6-18-74)

320

COUNTY Eddy POOL Los Medanos - Morrow Gas

TOWNSHIP 23 South RANGE 31 East NMPM

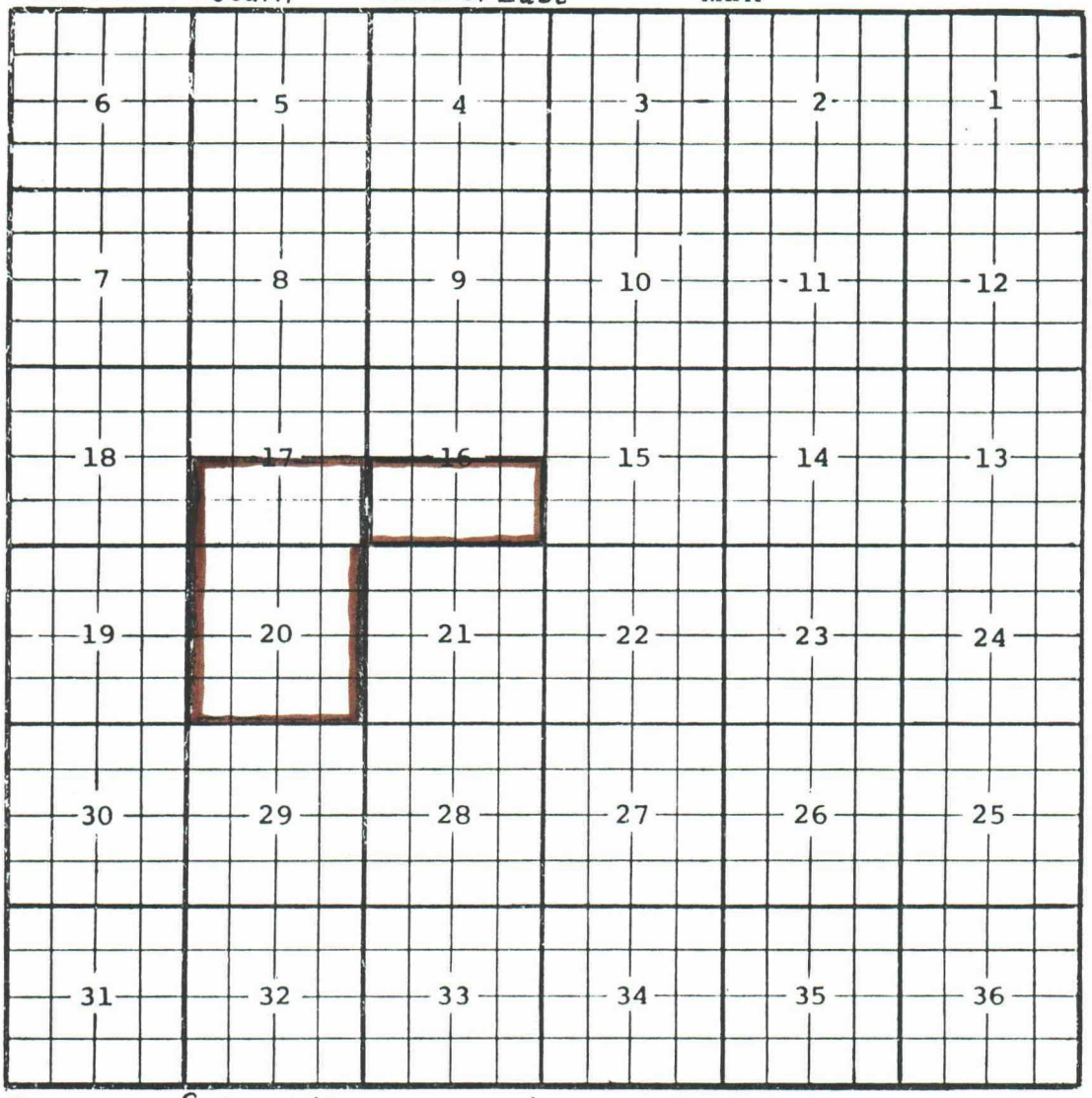


Description: W/2 Sec 6 (R-4809, 6-18-74)
Ext. E/2 Sec 6 (R-5162, 3-1-76) Ext: All Secs. 7 and 8 (R-7958, 6-12-85)

320

COUNTY Eddy POOL West Sand Dunes - Atoka Gas

TOWNSHIP 23 South RANGE 31 East NMPM

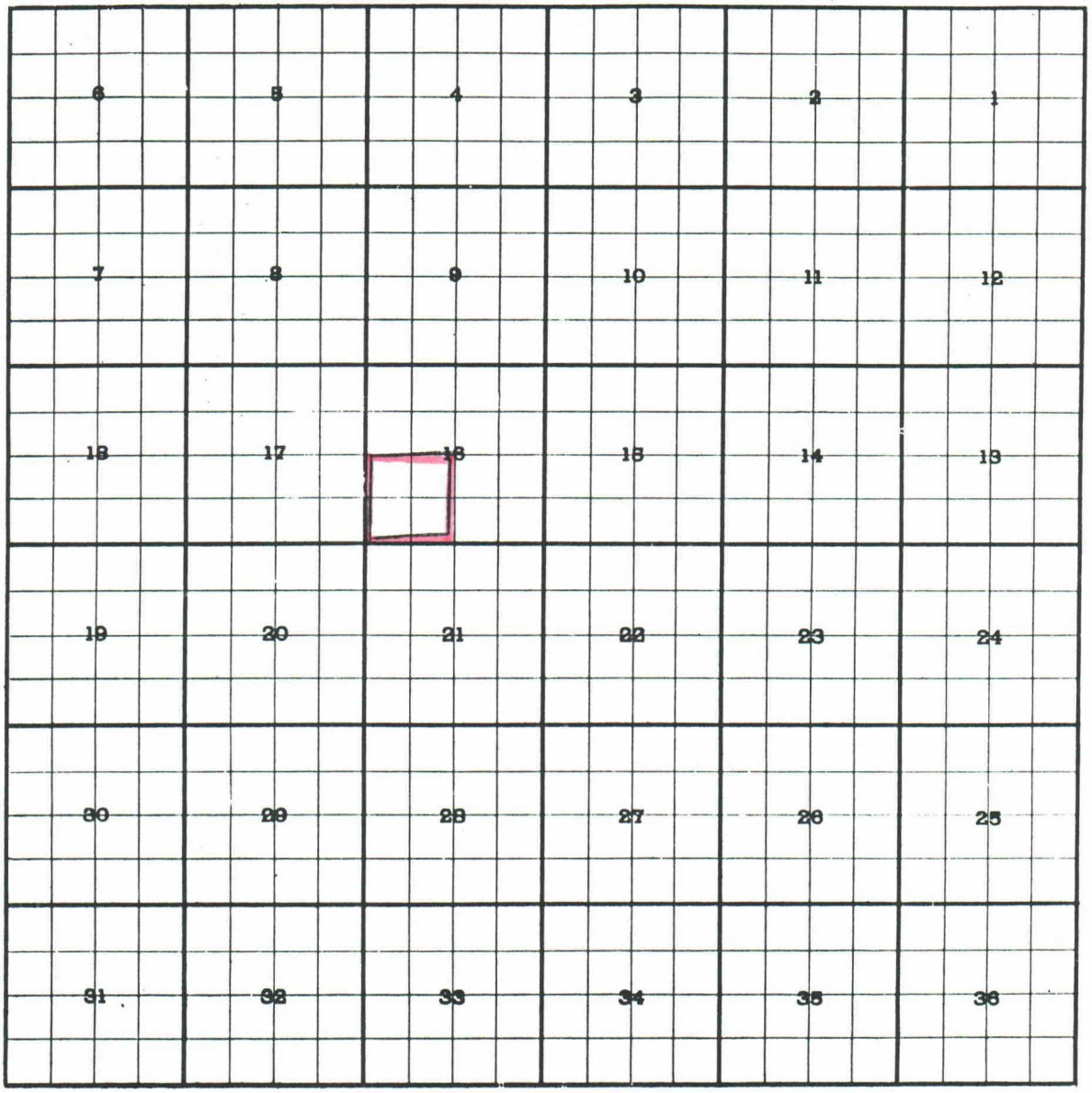


Description: S/2 Sec. 16 (R-4232, 1-1-72)

Ext: Sec: 17 S/2, 20 All (R-7076 - 9-27-82)

County EDDY Pool JAMES RANCH - BONE SPRING

TOWNSHIP 23 South, RANGE 31 East, NEW MEXICO PRINCIPAL MERIDIAN



DESC.: SW/4 SEC. 16 (R-8627, 4/1/88)

LOS MEDANOS

TEXACO (OPER.)
FORTY NINER RIDGE UNIT

FORTY NINER RIDGE

SAND DUNES

SAND DUNES W.

2330

2331

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 18, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. James Bruce
Hinkle, Cox, Eaton,
Coffield & Hensley
Attorneys at Law
500 Marquette, N.W.
Suite 740]
Albuquerque, New Mexico 87102

Re: CASE NO. 9528
ORDER NO. R-8831

Applicant:

Santa Fe Energy Operating Partners, L.P

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Thomas Kellahin

KELLAHIN, KELLAHIN and AUBREY
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fé, New Mexico 87504-2265

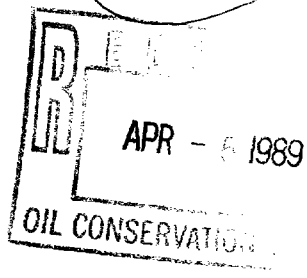
W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

Telephone 982-4285
Area Code 505

March 29, 1989

Case No. 9528



CERTIFIED-MAIL

Santa Fe Energy Operating Partners, L.P.
500 West Illinois
Suite 500
Midland, Texas 79701
Attn: Mr. Gary Green

Re: Pure Gold C-17, Fed No. 2 Well
N/2 Section 17, T23S, R31E
Eddy County, New Mexico
NMOCD Case No. 9528
Order R-8831

Dear Mr. Green:

On behalf of Bass Enterprises Production Company ("Bass") I am writing to you to confirm our understanding that although Santa Fe Energy Operating Partners, L.P. ("Santa Fe") has sent Bass a 30 day election notice as a pooled party pursuant to the referenced Division Order R-8831, Bass and Santa Fe have reached a voluntary agreement satisfactory to both parties for a farmout agreement thereby removing Bass as a party subject to the compulsory pooling order.

Should our understanding not correctly reflect Santa Fe's intentions please advise me so that I can file the necessary application with the Division to have this case reopened.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN

W. Thomas Kellahin

WTK/rs

cc: Mr. Jen Hansen - Bass
Mr. Jim Bruce, Esq. - Hinkle, Cox, Eaton, Coffield & Hensley
Mr. William J. LeMay - OCD

HINKLE, COX, EATON, COFFIELD & HENSLEY
ATTORNEYS AT LAW
500 MARQUETTE N.W., SUITE 740
ALBUQUERQUE, NEW MEXICO 87102-2121
(505) 768-1500

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT*
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
THOMAS D. HAINES, JR.
FRANKLIN H. McCALLUM*
GREGORY J. NIBERT

DAVID T. MARKETTE*
MARK C. DOW
KAREN M. RICHARDSON*

FRED W. SCHWENDIMANN
DAVID MORAN
JAMES R. McADAMS*
JAMES M. HUDSON
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
PAUL R. NEWTON
WILLIAM P. JOHNSON
ELLEN S. CASEY
MARGARET C. LUDEWIG
PATRICIA A. WATTS*
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
IWANA RADEMAEKERS*
S. BARRY PAISNER
W. CRAIG BARLOW*
ROBERT W. CASE*
JAMES A. GILLESPIE
KAREN L. COLLIER*
GARY W. LARSON
STEPHANIE LANDRY

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD
STEPHEN L. ELLIOTT

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

*NOT LICENSED IN NEW MEXICO

April 18, 1989

Stogner

RECEIVED

APR 20 1989

OIL CONSERVATION DIV.
SANTA FE

Mr. William Lemay
Director
New Mexico Oil Conservation
Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Case No. 9528 and Order No. R-8831; Application of Santa Fe Energy Operating Partners, L.P. for Compulsory Pooling and an Unorthodox Gas Well Location, Eddy County, New Mexico

Dear Mr. Lemay:

The above Order force pooled a number of interest owners, including Bass Enterprises Production Company. Please be advised that Bass and Santa Fe have voluntarily entered into a farmout agreement, satisfactory to both parties, regarding the subject acreage (the N½ of Section 17, Township 23 South, Range 31 East). Therefore, the above Order is of no force and effect as against Bass.

Very truly yours,

James Bruce

JAMES BRUCE

JB:le

cc: Mr. Gary Green
W. Thomas Kellahin
Jens Hansen (Via Federal Express)
Lewis W. Wilpitz, III (Via Federal Express)

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date NOVEMBER 22, 1988 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
DON & NELL LECHNART	SELF	OKLA. CITY
W. Kellahin	Kellahin Kellahin & Aubrey	Santa Fe
MARK NEARBURG	Nearburg Producing Co.	Midland
LOUIS MAZZULLO	" " "	"
SCOTT HALL	Campbell & Black	SF
Steve Salomon	BTA Oil Producers	Midland
KEITH LOGAN	BTA OIL PRODUCERS	MIDLAND
Gary Green	Santa Fe Energy Co.	Midland
Curt Anderson	" "	"
Jim Bruce	Hinkle Law Firm	Albuquerque
Norman Gaumett	Santa Fe Energy Co.	Midland
Bill Hulen	Bryan	Santa Fe
George A. Hillis	Bass Enterprises Prod Co.	Fort Worth
Patrick Bost	Meridian Oil	Farmington
Thom O'Brien	OGS Operating Co. Inc	Midland
James Sikes	Stonington Oil Production	Houston
[illegible]	[illegible]	[illegible]

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date NOVEMBER 22, 1988 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Mike Gates	OGS	Midland
Wilbur Wilcox	Santa Fe Explor. Co.	
Jerry Hansen	Boss Enterprises	Fort Worth, TX
Robert Dempsey	Tenneco	Midland
Robert Martin	Tenneco	Midland, TX
Doug Nevans	"	"

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

January 23, 1989

Case No. 9528
Stogner

CERTIFIED MAIL

State of New Mexico
Oil Conservation Division
P. O. Box 1148
Santa Fe, New Mexico 87501

Attn: William J. Lemay

Re: ODNM-617,210
Pure Gold Federal C-17 #2
N/2 Section 17, T-23-S, R-31-E
Eddy County, New Mexico

Order No. R-8831

Gentlemen:

In compliance with OCD Order No. R-8831, we are enclosing an itemized statement of estimated well costs for the captioned well.

Sincerely,

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

By: Gary Green
Gary Green, Landman

GG:ks

Enclosure

CM-RRR #P-566-806-535

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

ks922

05-Oct-88

SANTA FE ENERGY COMPANY
GENERALIZED WELL COST ESTIMATE

NAME: Pure Gold C Federal No. 2
LOC: Section 17-23S-31E Eddy County, New Mexico
DESC: Drill and complete a 15,000' Morrow Test Well

ACCOUNT	DESCRIPTION OF COSTS		DRY HOLE	PRODUCER
501-000	TANGIBLE WELL COSTS			
-41	CONDUCTOR CSG	20" @ 40'	2,550	2,550
-41	SURFACE CSG	13-3/8" 48.0 ppf H-40 @ 600'	12,775	12,775
-41	PROTECTION CSG	9-5/8" 40.0 ppf K-55 @ 4150'	71,880	71,880
-41	DRILLING LINER			
-41	PROD CSG	7" 26 ppf S-95 & 29 ppf P-110 @ 12,400'	227,970	227,970
-41	PROD LINER	4-1/2" 13.5 ppf S-95 @ 15,000'		29,140
-42	TUBING	2-3/8" 4.7 ppf P-105 Hyde 503W @ 15,000'		120,000
-43	WELLHEAD		5,000	22,850
-44	PMPG UNIT			
-45	PRIME MOVER			
-50	OTHER DWN HOLE EQUIP			
-50	RODS			
-50	SUBSURFACE PMPS			
-55	CSG EQUIP		2,400	8,750
-55	ELECTRICAL			
-55	MISC. TANGIBLES			
-55	ROD EQUIP			
-55	TUBING EQUIP			5,000
	TOTAL TANGIBLE COSTS		322,575	500,915
541-000	LEASE FACILITY COSTS			
-50	FLOW LINES			400
-50	LABOR			4,100
-50	OTHER PROD EQUIP			21,200
-50	TANK FACILITIES			3,100
	TOTAL LEASE FACILITY COSTS		0	28,800
511-000	INTANGIBLE WELL COSTS			
-21	LOCATION		30,000	30,000
-22	FENCING		600	600
-26	WTR & FUEL FOR RIG			
-31	CONTRACTOR MOVING EXP		30,000	30,000
-32	CONT FOOTAGE OR TURNKEY			
-32	CONTRACTOR DAY WORK		294,000	294,000
-33	DRLG FLUID & ADDITIVES		80,000	80,000
-34	BITS & REAMERS		93,970	93,970
-36	CORING & CORE ANALYSES		10,000	10,000
-37	CEMENT		41,780	64,120
-39	INSPECTION & TSTG OF TANG		9,000	12,000
-41	DIRECTIONAL DRLG SURVEYS		6,000	6,000
-42	DRILLING EQUIP RENTAL		51,925	53,725
-43	OPEN HOLE LOGGING		37,900	37,900
-44	DRILL STEM TSTG		20,000	20,000
-45	MUD LOGGING		21,000	21,000
-51	TRANSPORTATION		7,500	10,000
-52	COMPLETION UNIT			16,800
-53	COMPLETION TOOL RENTAL			7,350
-54	CASED HOLE LOGS & PERFING			5,210
-55	STIMULATION			20,000
-56	RIG SITE SUPERVISION	$350/d	24,500	31,500
-72	ADMINISTRATIVE OVERHEAD		13,000	19,500
-99	FSHG TOOLS & EXPENSES		10,000	10,000
-99	TESTING: BHP,GOR,4 PT.POT			3,000
	ABANDONMENT COST		10,000	
	OTHER INTANGIBLES			
0	CONTINGENCY (10%)		79,118	87,668
	TOTAL INTANGIBLES		870,293	964,343
	TOTAL COSTS		1,192,868	1,494,058

Estimated By: Michael R. Burton Date: 10/5/88

SFEC Approved By: Thomas A. Hunter for HCB Date: 10-6-88

Non Operator Approval By: _____ Date: _____