

Exhibits 1 through 8
Complete Set



Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

CERTIFIED MAIL - RETURN RECEIPT

February 25, 1993

TO: WI Owners
(See Attached List)

Re: SFEOP Cont. #NM-4598
Sinagua "18" Fed. #1 Well
2130' FEL & 660' FNL
Sec. 18, T-20-S, R-34-E
Lea County, New Mexico
Quail Ridge Prospect

Gentlemen:

Santa Fe Energy Operating Partners, L.P. proposes drilling the captioned well to test the Morrow Sand at approximately 13,700' at a legal location of 2130' FEL & 660' FNL Section 18, T-20-S, R-34-E, Lea County, New Mexico. Attached is a Well Cost Estimate for your review and approval, along with an Operating Agreement covering the drillsite tract, being the N/2 of Section 18, along with other lands covering portions of Sections 17, 18, 19 & 20, T-20-S, R-34-E, Lea County, New Mexico. If you elect to participate, please execute the Well Cost Estimate and the attached Operating Agreement and indicate your approval in the space provided on Page 2 and return the letter, well cost estimate and operating agreement to the undersigned. If you do not wish to participate, Santa Fe Energy Operating Partners, L.P. hereby formally requests a farmout under the following terms:

1. Within 180 days from execution of Farmout Agreement Santa Fe shall spud a well at a legal location of its choice and drill same to a depth sufficient to adequately test the Morrow Formation at an approximate depth of 13,700'.
2. Upon completion of such test well as a producer, Santa Fe shall earn all of farmoutor's leasehold rights from the surface to 100' below the base of the deepest producing formation, delivering a 75% NRI before payout.
3. Santa Fe shall continuously develop the farmout acreage under a 120 day continuous development obligation.

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 2

CASE NO. 10694

Page 2
WI Owners
February 25, 1993

If you have any questions or comments, please call me at (915) 686-6631.

Yours very truly,

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

By: 
Curtis D. Smith, Senior Landman

CDS/efw
Encls a/s

cc: Gary Green (Div. Land Mgr.)
Gene Davis (Div. Geologist)

_____ I/we do elect to participate in the drilling of the Sinagua "18" Fed. #1 Well

_____ I/we do not elect to participate in the drilling of the Sinagua "18" Fed. #1 Well but

_____ I/we do elect to farmout under the above described farmout terms.

Typed Name of Person or Company

By: _____

Title: _____

Date: _____

WI OWNERS LIST
Sinagua "18" Fed #1 Well

1. Santa Fe Energy Operating
Partners, L.P.
550 West Texas, Suite 1330
Midland, Texas 79701
ATTN: Mr. Gary V. Green
2. Barbara Fasken
303 West Wall
Suite 1900
Midland, Texas 79701
ATTN: Ms. Sally Kvasnicka
3. J. Cleo Thompson &
James C. Thompson, Jr.
325 North St. Paul, Suite 4500
Dallas, Texas 75201-3993
ATTN: Mr. James C. Thompson, Jr.
4. Mizel Resources, a Trust
5801 East 41st Street
Suite 104
Tulsa, Oklahoma 74135
ATTN: Mr. Morris Mizel, Trustee
5. Mr. Larry A. Mizel
3600 South Yosemite
Denver, Colorado 80237
ATTN: Mr. Charles Hauber
6. PetroQuest Exploration
P.O. Box 10016
Midland, Texas 79702
ATTN: Mr. Mark W. Hoffman
7. Doyle Hartman
500 North Main
Midland, Texas 79702
8. James A. Davidson
214 West Texas, Suite 710
Midland, Texas 79701

Force Pool - Green Card rec'd

yes subj to JOA revisions

Force Pool - Green Card rec'd

ILLEGIBLE

9. James E. Burr et ux
Laveta Burr
P.O. Box 50233
Midland, Texas 79710-0233

same Pool with
520-5000

10. Ruth Sutton
2826 Moss
Midland, Texas 79705

same Pool - Green Card rec'd

11. Larry Nermyr
HC57
Box 4106
Sydney, Montana 59270

same Pool - Green Card rec'd

12. John H. Hendricks Corp.
223 West Wall, Suite 525
Midland, Texas 79701-4519

same Pool - Green Card rec'd

13. Michael L. Klein et ux
Jeanne Klein
One First City Center #1230
Midland, Texas 79701

yes - signed MLE - JCM

14. Ronnie H. Westbrook et ux
Karen Westbrook
2809 Haynes
Midland, Texas 79705

same Pool - Green Card rec'd

ILLEGIBLE

SINAGUA

SANTA FE ENERGY RESOURCES, INC.

GENERALIZED WELL COST ESTIMATE

NAME: Sinagua "18" Federal No.1

LOC: 2130' FEL & 660' FNI, Sec.18-20S-34E, Lea County, New Mexico

DESC: Drill and Complete A 13,700' Morrow Gas Well

ACCOUNT	DESCRIPTION OF COSTS	DRY HOLE	PRODUCER
501-000	TANGIBLE WELL COSTS		
-41	CONDUCTOR CSG	4,000	4,000
-41	SURFACE CSG 13 3/8" 48.0 ppf H-40 @ 450'	10,350	10,350
-41	PROTECTION CSG		
-41	INTERMEDIATE CSG 8 5/8" 32.0 ppf K-55 @ 5200'	62,400	62,400
-41	PROD CSG 5-1/2" 17.0 ppf N-80&S-95 @ 13,700'		116,450
-41	PROD LINER		
-42	TUBING 2-3/8" 4.7 ppf N-80 8-rd EJE		47,950
-43	WELLHEAD	3,000	16,000
-44	PMPG UNIT		
-45	PRIME MOVER		
-50	OTHER DWN HOLE EQUIP		8,000
-50	RODS		
-50	SUBSURFACE PMPG		
-55	CSG EQUIP	1,000	4,000
-55	ELECTRICAL		
-55	MISC. TANGIBLES		1,000
-55	ROD EQUIP		
-55	TUBING EQUIP		1,000
	TOTAL TANGIBLE COSTS	80,750	271,150
541-000	LEASE FACILITY COSTS		
-50	FLOW LINES		5,000
-50	LABOR		10,000
-50	OTHER PROD EQUIP Separator, GPU, & Dehydration Unit		30,000
-50	TANK FACILITIES		15,000
	TOTAL LEASE FACILITY COSTS	0	60,000
511-000	INTANGIBLE WELL COSTS		
-21	LOCATION	20,000	20,000
-22	FENCING	1,000	2,000
-26	WTR & FUEL FOR RIG	20,000	20,000
-31	CONTRACTOR MOVING EXP		
-32	CONT FOOTAGE OR TURNKEY \$20/ft X 13,700'	274,000	274,000
-32	CONTRACTOR DAY WORK 4/6 X \$5000/day	20,000	30,000
-33	DRLG FLUID & ADDITIVES	50,000	50,000
-34	BITS & REAMERS		
-36	CORING & CORE ANALYSES Rotary Sidewall Cores (25 + analysis)	14,000	14,000
-37	CEMENT	30,000	55,000
-39	INSPECTION & TSTG OF TANG	5,000	20,000
-41	DIRECTIONAL DRLG SURVEYS		
-42	DRILLING EQUIP RENTAL	15,000	15,000
-43	OPEN HOLE LOGGING CNL/LDT/DLL/MSFL/SONIC	35,000	35,000
-44	DRILL STEM TSTG	5,000	12,000
-45	MUD LOGGING 30 days X \$400/d	12,000	12,000
-51	TRANSPORTATION	5,000	15,000
-52	COMPLETION UNIT \$1200/day X 8 day		9,600
-53	COMPLETION TOOL RENTAL		8,000
-54	CASED HOLE LOGS & PERFRING		9,000
-55	STIMULATION		12,000
-56	RIG SITE SUPERVISION	18,800	22,800
-72	ADMINISTRATIVE OVERHEAD	6,000	15,000
-99	FSHG TOOLS & EXPENSES		
-99	TESTING: BHP, GOR, 4 PT, POT		9,457
	ABANDONMENT COST	9,438	
	OTHER INTANGIBLES		
0	CONTINGENCY (5%)	27,012	32,993
	TOTAL INTANGIBLES	567,250	692,850
	TOTAL COSTS	648,000	1,024,000

Drilling Dept:

Daniel Roberts

Date:

2/16/93

Operations Dept:

Michael R. Bente

Date:

2/17/93

SFER Approval By:

Don E. Hoffman

Date:

2/17/93

Non Operator Approval By:

Date:

UNITED STATES POSTAL SERVICE

MIDLAND TEXAS 79703 03/04/93



Official Business

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300

RECEIVED

MAR 05 1993

LAND DEPT.
MIDLAND, TX

Print your name, address and ZIP Code here

SFEOP #NM-4598

Sinaguq "18" Fed #1

Curtis D. Smith
Santa Fe Energy Operating Partners, L.P.
550 W. Texas Suite 1330
Midland, Texas 79701

UNITED STATES POSTAL SERVICE

MIDLAND TEXAS 79703 03/13/93



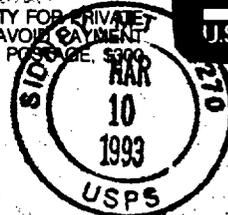
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RECEIVED

MAR 15 1993

LAND DEPT.
MIDLAND, TX



Print your name, address and ZIP Code here

SFEOP #NM-4598

Sinagua "18" Fed #1

Curtis D. Smith
Santa Fe Energy Operating Partners, L.P.
550 W. Texas Suite 1330
Midland, Texas 79701



Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and 2 for additional services.
- Complete items 3, a, & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 DOYLE HARTMAN
 500 NORTH MAIN
 MIDLAND TEXAS 79702

4a. Article Number
 P 322 148 839

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery
 3-4-93

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
J. Riddle

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and 2 for additional services.
- Complete items 3, a, & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 LARRY NERMYR
 HC 57
 BOX 4106
 SYDNEY MONTANA 59270

4a. Article Number
 P 322 148 843

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery
 3-10-93

5. Signature (Addressee)
Larry C. Nermyr

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

NEW MEXICO
OIL CONSERVATION DIVISION

SINAGUA

SANTA FE ENERGY RESOURCES, INC.

GENERALIZED WELL COST ESTIMATE

EXHIBIT 3

NAME: Sinagua "18" Federal No.1

LOC: 2130' FEL & 660' FNL, Sec.18-20S-34E, Lea County, New Mexico

DESC: Drill and Complete A 13,700' Morrow Gas Well

CASE NO. 10694

ACCOUNT	DESCRIPTION OF COSTS	DRY HOLE	PRODUCER
501-000	TANGIBLE WELL COSTS		
-41	CONDUCTOR CSG	4,000	4,000
-41	SURFACE CSG	13 3/8" 48.0 ppf H-40 @ 450'	10,350
-41	PROTECTION CSG		10,350
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-41	PROD CSG	5-1/2" 17.0 ppf N-80&S-95 @ 13,700'	118,450
-41	PROD LINER		
-42	TUBING	2-3/8" 4.7 ppf N-80 8-rd EUE	47,950
-43	WELLHEAD	3,000	18,000
-44	PMPG UNIT		
-45	PRIME MOVER		
-50	OTHER DWN HOLE EQUIP		8,000
-50	RODS		
-50	SUBSURFACE PMPs		
-55	CSG EQUIP	1,000	4,000
-55	ELECTRICAL		
-55	MISC. TANGIBLES		1,000
-55	ROD EQUIP		
-55	TUBING EQUIP		1,000
	TOTAL TANGIBLE COSTS	60,750	271,150
541-000	LEASE FACILITY COSTS		
-50	FLOW LINES		5,000
-50	LABOR		10,000
-50	OTHER PROD EQUIP	Separator, GPU, & Dehydration Unit	30,000
-50	TANK FACILITIES		15,000
	TOTAL LEASE FACILITY COSTS	0	60,000
511-000	INTANGIBLE WELL COSTS		
-21	LOCATION	20,000	20,000
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-34	BITS & REAMERS		
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-51	TRANSPORTATION	5,000	15,000
-52	COMPLETION UNIT	\$1200/day X 8 day	9,600
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-54	CASED HOLE LOGS & PERFING		9,000
-55	STIMULATION		12,000
-56	RIG SITE SUPERVISION	18,800	22,800
-72	ADMINISTRATIVE OVERHEAD	8,000	15,000
-99	FSHG TOOLS & EXPENSES		
-99	TESTING: BHP, GOR, 4 PT. POT		9,457
	ABANDONMENT COST	9,458	
	OTHER INTANGIBLES		
0	CONTINGENCY (5%)	27,012	32,993
	TOTAL INTANGIBLES	567,250	692,850
	TOTAL COSTS	648,000	1,024,000

Drilling Dept: Daniel Roberts

Date: 2/16/93

Operations Dept: Michael R. Burton

Date: 2/17/93

SFER Approval By: Don E. Hoffman

Date: 2/17/93

Non Operator Approval By: _____

Date: _____

COPAS Accounting Procedure Wage Index Adjustment for 1992

The Petroleum Accountants Society of Oklahoma-Tulsa has completed for COPAS the percentage Wage Index Adjustment to be an increase of 1.5 percent. This adjustment applies to the Administration Overhead and/or combined fixed rates as of April 1, 1992, based on the index of average weekly earnings of crude petroleum and gas production workers as published by the United States Department of Labor, Bureau of Labor Statistics. These adjustments are provided for in the COPAS Accounting Procedures dated 1962, 1968, 1974 and 1984, and the Offshore Accounting Procedures of 1976 and 1986.

The computation is as follows:

1991	Average Earnings	\$704.74
1990	Average Earnings	\$694.22
	Increase	\$10.52
	$\$10.52 \div \$694.22 = 1.5\%$	

Effective with April 1992 business, increase 1991 rates by multiplying current rates by 101.5%.

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 4

CASE NO. 10694

Following are the past year's adjustments:

Effective April 1	Adjustment
1963	+1.6%
1964	+3.9%
1965	+ .8%
1966	+2.2%
1967	+3.6%
1968	15.1%
1969	-1.9%
1970	+7.0%
1971	+5.9%
1972	+8.9%
1973	+7.5%
1974	+5.2%
1975	+16.7%
1976	+10.3%
1977	+10.5%
1978	+10.3%
1979	+11.0%
1980	+9.3%
1981	+9.3%
1982	+13.0%
1983	+9.9%
1984	+5.9%
1985	+2.7%
1986	+4.4%
1987	+4.5%
1988	-1.4%
1989	+3.3%
1990	+8.1%
1991	+7.2%
1992	+1.5%

Audit Per Diem Rate Adjustment Continues on Next
Page

COPAS Employee Benefits Survey

The 1992 Employee Benefits Limitation Survey was mailed on May 11, 1992, to all COPAS member companies and responses are due by June 15, 1992.

The results of this survey will directly determine the COPAS Employee Benefits Percentage for 1993 and we strongly encourage your company to participate. Please contact Debbie Theotokatos at (303) 893-1666 if you have any questions.

EXHIBIT " "

1 Attached to and made a part of _____
2 _____
3 _____
4 _____
5 _____
6 _____
7 _____
8 _____
9 _____
10 _____
11 _____
12 _____
13 _____

**ACCOUNTING PROCEDURE
JOINT OPERATIONS**

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at _____ on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

1 5. Audits

2
3 A. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit
4 Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four
5 (24) month period following the end of such calendar year; provided, however, the making of an audit shall not
6 extend the time for the taking of written exception to and the adjustments of accounts as provided for in
7 Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make
8 every reasonable effort to conduct a joint audit in a manner which will result in a minimum of inconvenience
9 to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this
10 paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year
11 without prior approval of Operator, except upon the resignation or removal of the Operator, and shall be made
12 at the expense of those Non-Operators approving such audit.

13
14 B. The Operator shall reply in writing to an audit report within 180 days after receipt of such report.

15
16 6. Approval By Non-Operators

17
18 Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of
19 this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no
20 contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the
21 agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

22
23
24 II. DIRECT CHARGES

25
26 Operator shall charge the Joint Account with the following items:

27
28 1. Ecological and Environmental

29
30 Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements to satisfy
31 environmental considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or
32 archaeological nature and pollution control procedures as required by applicable laws and regulations.

33
34 2. Rentals and Royalties

35
36 Lease rentals and royalties paid by Operator for the Joint Operations.

37
38 3. Labor

39
40 A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of
41 Joint Operations.

42
43 (2) Salaries of First Level Supervisors in the field.

44
45 (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are
46 excluded from the overhead rates.

47
48 (4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly
49 employed in the operation of the Joint Property if such charges are excluded from the overhead rates.

50
51 B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to
52 employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II.
53 Such costs under this Paragraph 3B may be charged on a "when and as paid basis" or by "percentage assessment;"
54 on the amount of salaries and wages chargeable to the Joint Account under Paragraph 3A of this Section II. If
55 percentage assessment is used, the rate shall be based on the Operator's cost experience.

56
57 C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are
58 applicable to Operator's costs chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.

59
60 D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under
61 Paragraph 3A of this Section II.

62
63 4. Employee Benefits

64
65 Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement,
66 stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the
67 Joint Account under Paragraphs 3A and 3B of this Section II shall be Operator's actual cost not to exceed the percent
68 most recently recommended by the Council of Petroleum Accountants Societies.

69
70

1 5. **Material**

2
3 Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such
4 Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is
5 reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be
6 avoided.

7
8 6. **Transportation**

9
10 Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- 11
12 A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be
13 made to the Joint Account for a distance greater than the distance from the nearest reliable supply store where like
14 material is normally available or railway receiving point nearest the Joint Property unless agreed to by the Parties.
15
16 B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint
17 Account for a distance greater than the distance to the nearest reliable supply store where like material is normally
18 available, or railway receiving point nearest the Joint Property unless agreed to by the Parties. No charge shall be
19 made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the
20 Parties.
21
22 C. In the application of subparagraphs A and B above, the option to equalize or charge actual trucking cost is
23 available when the actual charge is \$400 or less excluding accessorial charges. The \$400 will be adjusted to the
24 amount most recently recommended by the Council of Petroleum Accountants Societies.
25

26 7. **Services**

27
28 The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph
29 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract
30 services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead
31 rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the
32 Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.
33

34 8. **Equipment and Facilities Furnished By Operator**

- 35
36 A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate
37 with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating
38 expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to
39 exceed _____ percent (_____ %) per annum. Such rates shall not exceed average commercial
40 rates currently prevailing in the immediate area of the Joint Property.
41
42 B. In lieu of charges in paragraph 8A above, Operator may elect to use average commercial rates prevailing in the
43 immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates
44 published by the Petroleum Motor Transport Association.
45

46 9. **Damages and Losses to Joint Property**

47
48 All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or
49 losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross
50 negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as
51 soon as practicable after a report thereof has been received by Operator.
52

53 10. **Legal Expense**

54
55 Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgements and
56 amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to
57 protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of
58 outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be
59 covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section
60 I, Paragraph 3.
61

62 11. **Taxes**

63
64 All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof,
65 or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties. If the ad
66 valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then
67 notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties
68 hereto in accordance with the tax value generated by each party's working interest.
69
70

1 12. Insurance

2
3 Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the
4 event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation
5 and/or Employers Liability under the respective state's laws. Operator may, at its election, include the risk under its self-
6 insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

7
8 13. Abandonment and Reclamation

9
10 Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory
11 authority.

12
13 14. Communications

14
15 Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and
16 microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint
17 Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

18
19 15. Other Expenditures

20
21 Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which
22 is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint
23 Operations.

24
25
26 III. OVERHEAD

27
28 1. Overhead - Drilling and Producing Operations

29
30 i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge
31 drilling and producing operations on either:

- 32
33 () Fixed Rate Basis, Paragraph 1A, or
34 () Percentage Basis, Paragraph 1B

35
36 Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and
37 salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under
38 Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of
39 taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in
40 the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are
41 agreed to by the Parties as a direct charge to the Joint Account.

42
43 ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant
44 services and contract services of technical personnel directly employed on the Joint Property:

- 45
46 () shall be covered by the overhead rates, or
47 () shall not be covered by the overhead rates.

48
49 iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services
50 and contract services of technical personnel either temporarily or permanently assigned to and directly employed in
51 the operation of the Joint Property:

- 52
53 () shall be covered by the overhead rates, or
54 () shall not be covered by the overhead rates.

55
56 A. Overhead - Fixed Rate Basis

57
58 (1) Operator shall charge the Joint Account at the following rates per well per month:

59
60 Drilling Well Rate \$ _____
61 (Prorated for less than a full month)

62
63 Producing Well Rate \$ _____

64
65 (2) Application of Overhead - Fixed Rate Basis shall be as follows:

66
67 (a) Drilling Well Rate

68
69 (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date
70 the drilling rig, c rig, or other units used in completion of the well is released, whichever

1 is later, except that no charge shall be made during suspension of drilling or completion operations
2 for fifteen (15) or more consecutive calendar days.

- 3
4 (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5)
5 consecutive work days or more shall be made at the drilling well rate. Such charges shall be
6 applied for the period from date workover operations, with rig or other units used in workover,
7 commence through date of rig or other unit release, except that no charge shall be made during
8 suspension of operations for fifteen (15) or more consecutive calendar days.

9
10 (b) Producing Well Rates

- 11
12 (1) An active well either produced or injected into for any portion of the month shall be considered as
13 a one-well charge for the entire month.
14
15 (2) Each active completion in a multi-completed well in which production is not commingled down
16 hole shall be considered as a one-well charge providing each completion is considered a separate
17 well by the governing regulatory authority.
18
19 (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the
20 production shall be considered as a one-well charge providing the gas well is directly connected to
21 a permanent sales outlet.
22
23 (4) A one-well charge shall be made for the month in which plugging and abandonment operations
24 are completed on any well. This one-well charge shall be made whether or not the well has
25 produced except when drilling well rate applies.
26
27 (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease
28 allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
29
30 (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the
31 agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying
32 the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude
33 Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as
34 shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published
35 by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as
36 published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or
37 minus the computed adjustment.

38
39 B. Overhead - Percentage Basis

- 40
41 (1) Operator shall charge the Joint Account at the following rates:

42
43 (a) Development

44 _____ Percent (_____ %) of the cost of development of the Joint Property exclusive of costs
45 provided under Paragraph 10 of Section II and all salvage credits.

46
47 (b) Operating

48 _____ Percent (_____ %) of the cost of operating the Joint Property exclusive of costs provided
49 under Paragraphs 2 and 10 of Section II, all salvage credits, the value of injected substances purchased
50 for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the
51 mineral interest in and to the Joint Property.

- 52
53 (2) Application of Overhead - Percentage Basis shall be as follows:
54

55 For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III,
56 development shall include all costs in connection with drilling, re-drilling, deepening, or any remedial
57 operations on any or all wells involving the use of drilling rig and crew capable of drilling to the producing
58 interval on the Joint Property; also, preliminary expenditures necessary in preparation for drilling and
59 expenditures incurred in abandoning when the well is not completed as a producer, and original cost of
60 construction or installation of fixed assets, the expansion of fixed assets and any other project clearly
61 discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other
62 costs shall be considered as operating.
63
64
65

66 2. Overhead - Major Construction

67
68 To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of
69 fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the
70 Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint

1 Account for overhead based on the following rates for any Major Construction project in excess of \$ _____ :

- 2
3 A. _____ % of first \$100,000 or total cost if less, plus
4
5 B. _____ % of costs in excess of \$100,000 but less than \$1,000,000, plus
6
7 C. _____ % of costs in excess of \$1,000,000.
8

9 Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single
10 project shall not be treated separately and the cost of drilling and workover wells and artificial lift equipment shall be
11 excluded.
12

13 **3. Catastrophe Overhead**

14 To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due
15 to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are
16 necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the
17 expenditures, Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account
18 for overhead based on the following rates:
19

- 20
21 A. _____ % of total costs through \$100,000; plus
22
23 B. _____ % of total costs in excess of \$100,000 but less than \$1,000,000; plus
24
25 C. _____ % of total costs in excess of \$1,000,000.
26

27 Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead
28 provisions of this Section III shall apply.
29

30 **4. Amendment of Rates**

31 The overhead rates provided for in this Section III may be amended from time to time only by mutual agreement
32 between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.
33
34
35

36 **IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS**

37 Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all Material
38 movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at
39 Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or
40 surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to
41 outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition
42 A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.
43
44

45 **1. Purchases**

46 Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of
47 Material found to be defective or returned to vendor for any other reasons, credit shall be passed to the Joint Account
48 when adjustment has been received by the Operator.
49

50
51 **2. Transfers and Dispositions**

52 Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator,
53 unless otherwise agreed to by the Parties, shall be priced on the following basis exclusive of cash discounts:
54
55

56 **A. New Material (Condition A)**

57
58 **(1) Tubular Goods Other than Line Pipe**

- 59
60 (a) Tubular goods, sized 2 $\frac{1}{2}$ inches OD and larger, except line pipe, shall be priced at Eastern mill
61 published carload base prices effective as of date of movement plus transportation cost using the 80,000
62 pound carload weight basis to the railway receiving point nearest the Joint Property for which
63 published rail rates for tubular goods exist. If the 80,000 pound rail rate is not offered, the 70,000 pound
64 or 90,000 pound rail rate may be used. Freight charges for tubing will be calculated from Lorain, Ohio
65 and casing from Youngstown, Ohio.
66
67 (b) For grades which are special to one mill only, prices shall be computed at the mill base of that mill plus
68 transportation cost from that mill to the railway receiving point nearest the Joint Property as provided
69 above in Paragraph 2.A.(1)(a). For transportation cost from points other than Eastern mills, the 30,000
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pound Oil Field Haulers Association interstate truck rate shall be used.

(c) Special end finish tubular goods shall be priced at the lowest published out-of-stock price, f.o.b. Houston, Texas, plus transportation cost, using Oil Field Haulers Association interstate 30,000 pound truck rate, to the railway receiving point nearest the Joint Property.

(d) Macaroni tubing (size less than 2 $\frac{3}{4}$ inch OD) shall be priced at the lowest published out-of-stock prices f.o.b. the supplier plus transportation costs, using the Oil Field Haulers Association interstate truck rate per weight of tubing transferred, to the railway receiving point nearest the Joint Property.

(2) Line Pipe

(a) Line pipe movements (except size 24 inch OD and larger with walls $\frac{3}{4}$ inch and over) 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.

(b) Line pipe movements (except size 24 inch OD and larger with walls $\frac{3}{4}$ inch and over) less than 30,000 pounds shall be priced at Eastern mill published carload base prices effective as of date of shipment, plus 20 percent, plus transportation costs based on freight rates as set forth under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.

(c) Line pipe 24 inch OD and over and $\frac{3}{4}$ inch wall and larger shall be priced f.o.b. the point of manufacture at current new published prices plus transportation cost to the railway receiving point nearest the Joint Property.

(d) Line pipe, including fabricated line pipe, drive pipe and conduit not listed on published price lists shall be priced at quoted prices plus freight to the railway receiving point nearest the Joint Property or at prices agreed to by the Parties.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property.

(4) Unused new Material, except tubular goods, moved from the Joint Property shall be priced at the current new price, in effect on date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property. Unused new tubulars will be priced as provided above in Paragraph 2.A.(1) and (2).

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

At seventy-five percent (75%) of current new price, as determined by Paragraph A.

(2) Material used on and moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as new Material or

(b) At sixty-five percent (65%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as used Material.

(3) Material not used on and moved from the Joint Property

At seventy-five percent (75%) of current new price as determined by Paragraph A.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph A. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

1 (2) Condition D

2
3 Material, excluding junk, no longer suitable for its original purpose, but usable for some other purpose
4 shall be priced on a basis commensurate with its use. Operator may dispose of Condition D Material
5 under procedures normally used by Operator without prior approval of Non-Operators.

6
7 (a) Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe
8 of comparable size and weight. Used casing, tubing or drill pipe utilized as line pipe shall be
9 priced at used line pipe prices.

10
11 (b) Casing, tubing or drill pipe used as higher pressure service lines than standard line pipe, e.g.
12 power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe.
13 Upset tubular goods shall be priced on a non upset basis.

14
15 (3) Condition E

16
17 Junk shall be priced at prevailing prices. Operator may dispose of Condition E Material under
18 procedures normally utilized by Operator without prior approval of Non-Operators.

19
20 D. Obsolete Material

21
22 Material which is serviceable and usable for its original function but condition and/or value of such Material
23 is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by
24 the Parties. Such price should result in the Joint Account being charged with the value of the service
25 rendered by such Material.

26
27 E. Pricing Conditions

28
29 (1) Loading or unloading costs may be charged to the Joint Account at the rate of twenty-five cents (25¢)
30 per hundred weight on all tubular goods movements, in lieu of actual loading or unloading costs
31 sustained at the stocking point. The above rate shall be adjusted as of the first day of April each year
32 following January 1, 1985 by the same percentage increase or decrease used to adjust overhead rates in
33 Section III, Paragraph 1.A.(3). Each year, the rate calculated shall be rounded to the nearest cent and
34 shall be the rate in effect until the first day of April next year. Such rate shall be published each year
35 by the Council of Petroleum Accountants Societies.

36
37 (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down
38 price of new Material.

39
40 3. Premium Prices

41
42 Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other
43 unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required
44 Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it
45 to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing
46 Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within
47 ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use
48 and acceptable to Operator.

49
50 4. Warranty of Material Furnished By Operator

51
52 Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint
53 Account until adjustment has been received by Operator from the manufacturers or their agents.

54
55
56 V. INVENTORIES

57
58 The Operator shall maintain detailed records of Controllable Material.

59
60 1. Periodic Inventories, Notice and Representation

61
62 At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice
63 of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that
64 Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an
65 inventory shall bind Non-Operators to accept the inventory taken by Operator.

66
67 2. Reconciliation and Adjustment of Inventories

68
69 Adjustments to the Joint Account resulting from the reconciliation of a physical inventory shall be made within six
70 months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Joint Account for

1 overages and shortages, but, Operator shall be held accountable only for shortages due to lack of reasonable diligence.

2
3 **3. Special Inventories**

4
5 Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint
6 Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of
7 interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases
8 involving a change of Operator, all Parties shall be governed by such inventory.

9
10 **4. Expense of Conducting Inventories**

11
12 A. The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the
13 Parties.

14
15 B. The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except
16 inventories required due to change of Operator shall be charged to the Joint Account.
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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

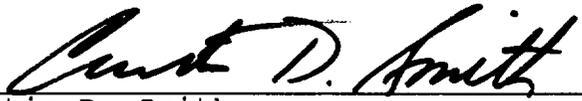
No. 10,694

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Curtis D. Smith, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18 and have personal knowledge of the matters stated herein.
2. I am the landman for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Application herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by certified mail, a copy of the Application. Copies of the notice letters and certified return receipts are attached hereto.
5. The notice provisions of Rule 1207 have been complied with.


Curtis D. Smith

SUBSCRIBED AND SWORN TO before me this 19th day of May, 1993, by Curtis D. Smith.


Notary Public

My Commission Expires:
10-29-95

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 5

CASE NO. 10694

Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

CERTIFIED MAIL - RETURN RECEIPT

April 29, 1993

TO: Lessees
(See Attached List)

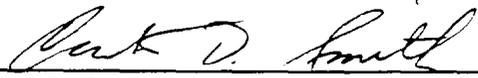
Re: SFEOP Cont. #NM-4598
Sinagua "18" Fed Com #1 Well
N/2 Sec. 18
T-20-S, R-34-E
Lea County, New Mexico

Gentlemen:

Enclosed to each of you is an Application for compulsory pooling filed at the New Mexico Oil Conservation Division by Santa Fe Energy Operating Partners, L.P., regarding the N/2 of Section 18, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Santa Fe's records indicate that each of you owns an interest in the proposed well unit. This matter has been scheduled for hearing on Thursday, May 20, 1993 at 8:15 a.m. at the Division's offices at 310 Old Santa Fe Trail, Santa Fe, New Mexico. Failure to appear at that time will preclude you from contesting this matter at a later date.

Yours very truly,

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

By: 
Curtis D. Smith, Senior Landman

CDS/efw
1 Encl a/s

cc: Hinkle, Cox, Eaton
Coffield & Hensley
P.O. Box 2068
Santa Fe, New Mexico 87504-2068
ATTN: Mr. Jim Bruce

EWP820

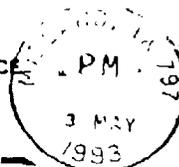
Central Division
550 W. Texas, Suite 1330
Midland, Texas 79701
915/687-3551

LESSEES LIST
(Forced Pooling)
Sinagua "18" Fed #1 Well

1. Doyle Hartman
500 North Main
Midland, Texas 79702
2. James A. Davidson
214 West Texas, Suite 710
Midland, Texas 79701
3. James E. Burr et ux
Laveta Burr
P.O. Box 50233
Midland, Texas 79710-0233
4. Larry Nermyr
HC57
Box 4106
Sydney, Montana 59270
5. Ronnie H. Westbrook et ux
Karen Westbrook
2809 Haynes
Midland, Texas 79705



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Official Business

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SFEOP Cont. #NM-4598 • Curtis Smith

Sinagua "18" Fed #1 Santa Fe Energy Operating Partners, L.P.
550 W. Texas Suite 1330
Midland, Texas 79701

UNITED STATES POST SERVICE

Official Business



PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300



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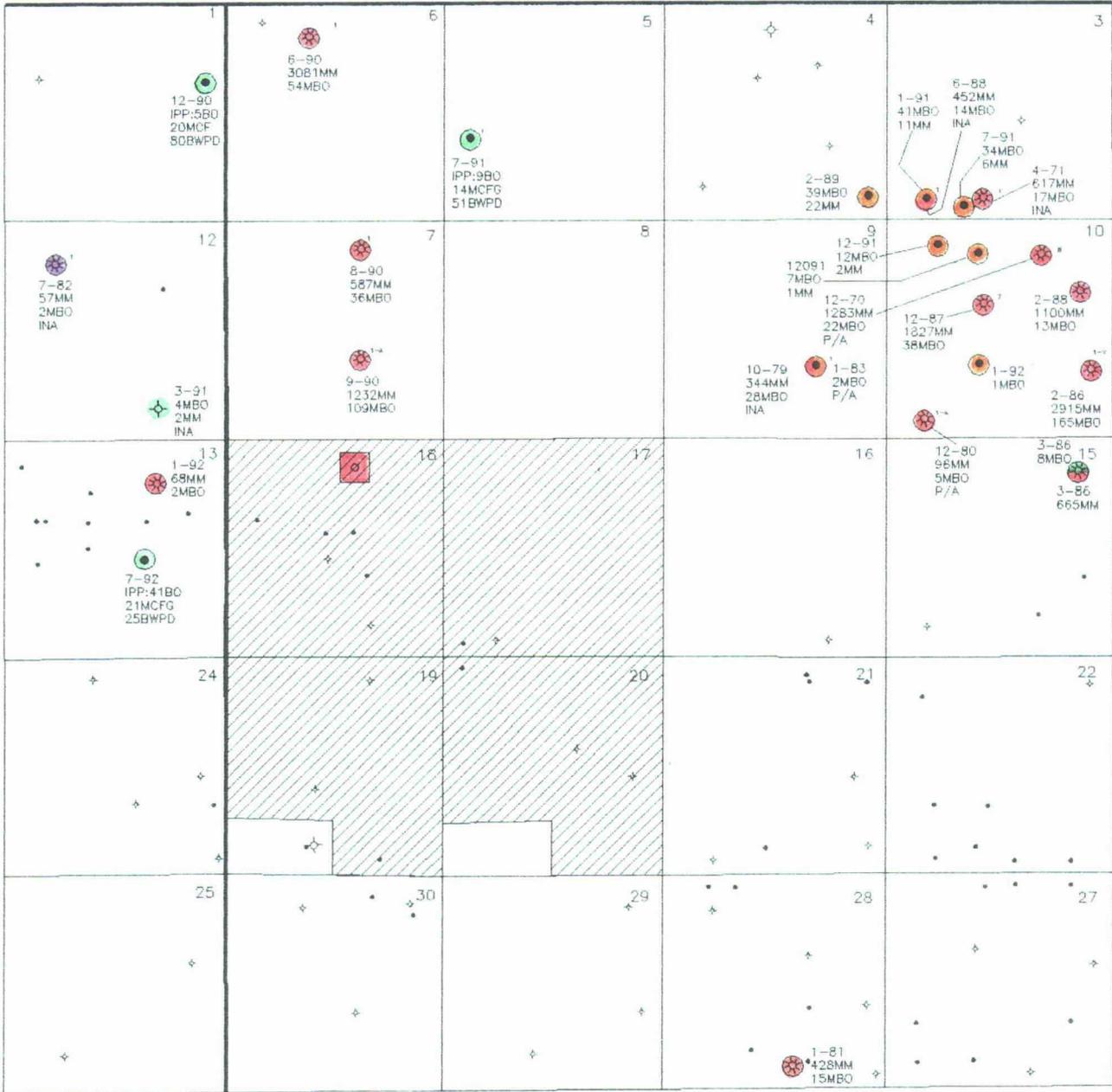
Santa Fe Energy Operating Partners, L.P.
550 W. Texas Suite 1330
Midland, Texas 79701



SENDER: • Complete items 1 and 2 for additional services. • Complete items 3 and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.		I wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
		3. Article Addressed to: DOYLE HARTMAN 500 NORTH MAIN MIDLAND TEXAS 79702	4a. Article Number P 322 149 086
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 5/13	
6. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) M. Salgado			
PS Form 3811, December 1991 * U.S.G.P.O.: 1992-307-890 DOMESTIC RETURN RECEIPT			

SENDER: • Complete items 1 and 2 for additional services. • Complete items 3 and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.		I wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
		3. Article Addressed to: LARRY NERMYR RC57 BOX 4106 SYDNEY, MONTANA 59270	4a. Article Number P 322 149 089
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 5-7-93	
6. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) Larry Nermyr			
PS Form 3811, December 1991 * U.S.G.P.O.: 1992-307-890 DOMESTIC RETURN RECEIPT			

R 34 E



T 20 S

-  SFEOP,LP ACREAGE
-  PROPOSED LOCATION
-  YATES-SEVEN RIVERS

-  DELAWARE
-  BONE SPRING
-  WOLFCAMP
-  PENN
-  ATOKA
-  MORROW

NEW MEXICO OIL CONSERVATION DIVISION

EXHIBIT 6



Santa Fe Energy Resources, Inc.
CENTRAL DIVISION
MIDLAND, TEXAS

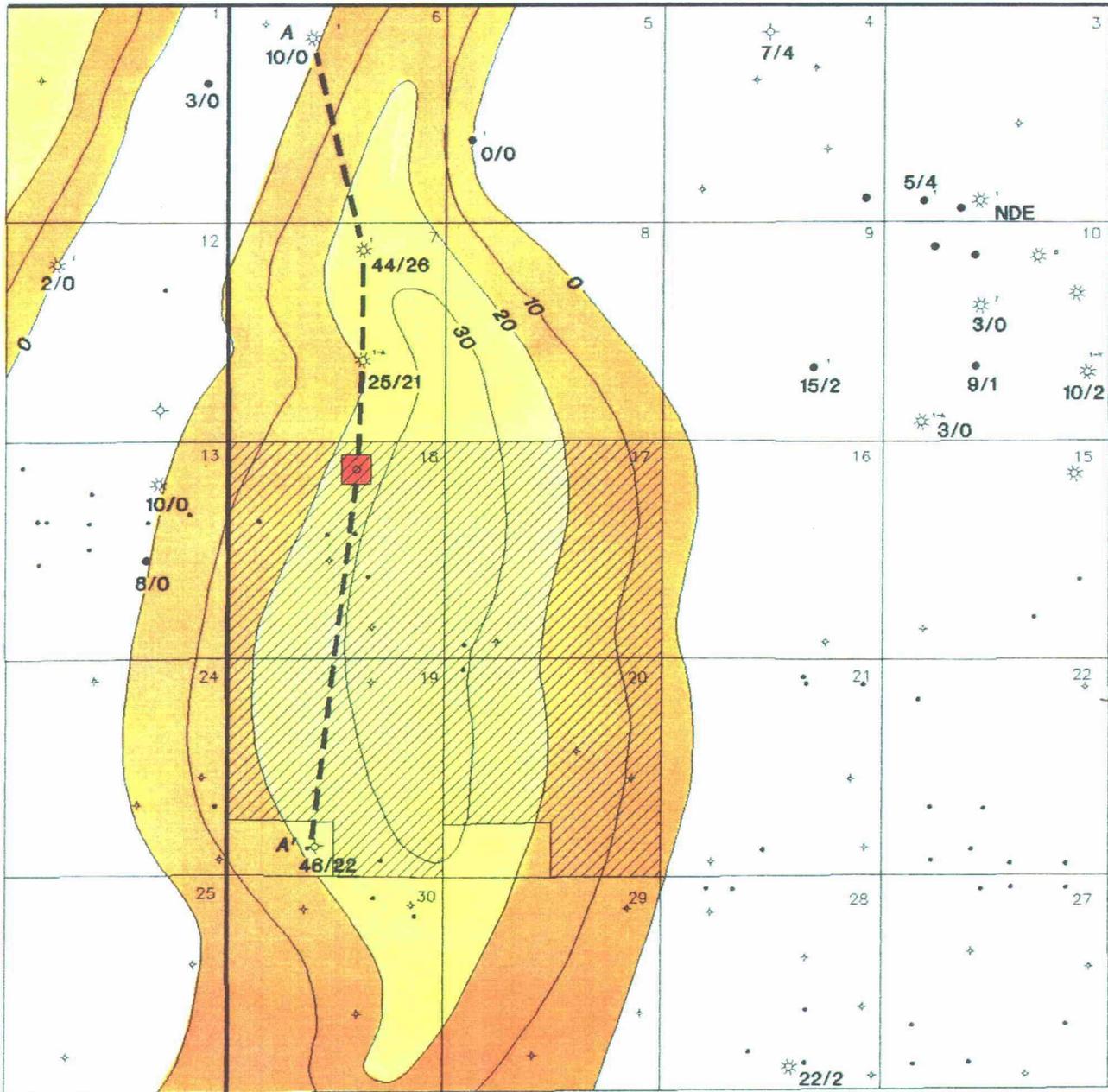
LEA SOUTH AREA
QUAIL RIDGE PROSPECT
LEA CO., NEW MEXICO

PRODUCTION MAP
CUM PROD TO 7-1-92

GEOL BY: DAVID WHITE /M.Reyes C.I.:
SCALE: 1"=4000' DATE: 1-8-93
QUAILRDG.DWG FILE: 3-U-4

CASE NO. 10694

R 34 E



T 20 S

-  SFEOP,LP ACREAGE
-  PROPOSED LOCATION
-  YATES-SEVEN RIVERS

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 7

CASE NO. 10694



Santa Fe Energy Resources, Inc.
CENTRAL DIVISION
MIDLAND, TEXAS

LEA SOUTH AREA
QUAIL RIDGE PROSPECT
LEA CO., NEW MEXICO

LOWER MORROW NET POROSITY
 $\phi \geq 8\%$

GEOLOG BY: DAVID WHITE
SCALE: 1" = 4000'

C.J.: 10'
DATE: 1-8-93

QUAILRDC.DWG FILE: 3-U-4

A



UNION OIL OF CALIF.
Federal "6" Com. #1

KB 3833
SEC 6, T 20 S, R 34 E
TD 13,645'
(MORROW)



MARATHON (TXO)
Hamon Federal #1

KB 3833
SEC 7, T 20 S, R 34 E
TD 13,700'
(MORROW)



MARATHON (TXO)
Hamon Federal "A" Com. #1

KB 3837
SEC 7, T 20 S, R 34 E
TD 13,690'
(MORROW)



PROPOSED
LOCATION

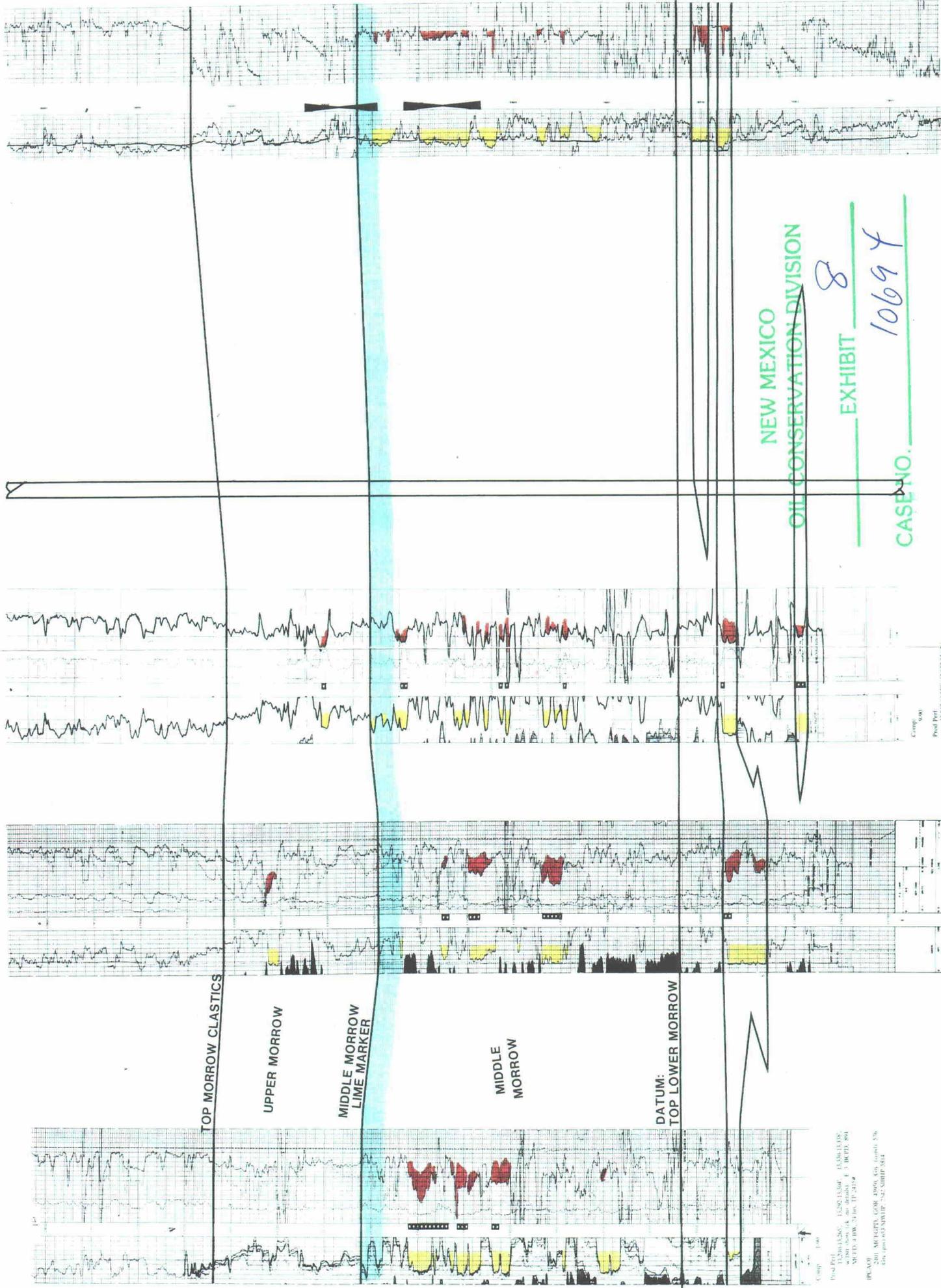
SEC 18, T 20 S, R 34 E
PTD 13,700'

A'



CITIES SERVICE
Government "N" #1-Y

KB 3877
SEC 19, T 20 S, R 34 E
TD 15,137'



NEW MEXICO
OIL CONSERVATION DIVISION
EXHIBIT 8
CASENO. 10694

Comp: 880
Prod Perf: 1524-1531, 1532-1535, 1536-1539, 1540-1543, 1544-1547, 1548-1551, 1552-1555, 1556-1559, 1560-1563, 1564-1567, 1568-1571, 1572-1575, 1576-1579, 1580-1583, 1584-1587, 1588-1591, 1592-1595, 1596-1599, 1600-1603, 1604-1607, 1608-1611, 1612-1615, 1616-1619, 1620-1623, 1624-1627, 1628-1631, 1632-1635, 1636-1639, 1640-1643, 1644-1647, 1648-1651, 1652-1655, 1656-1659, 1660-1663, 1664-1667, 1668-1671, 1672-1675, 1676-1679, 1680-1683, 1684-1687, 1688-1691, 1692-1695, 1696-1699, 1700-1703, 1704-1707, 1708-1711, 1712-1715, 1716-1719, 1720-1723, 1724-1727, 1728-1731, 1732-1735, 1736-1739, 1740-1743, 1744-1747, 1748-1751, 1752-1755, 1756-1759, 1760-1763, 1764-1767, 1768-1771, 1772-1775, 1776-1779, 1780-1783, 1784-1787, 1788-1791, 1792-1795, 1796-1799, 1800-1803, 1804-1807, 1808-1811, 1812-1815, 1816-1819, 1820-1823, 1824-1827, 1828-1831, 1832-1835, 1836-1839, 1840-1843, 1844-1847, 1848-1851, 1852-1855, 1856-1859, 1860-1863, 1864-1867, 1868-1871, 1872-1875, 1876-1879, 1880-1883, 1884-1887, 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