



IN REPLY
REFER TO:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office
1717 West Second Street
Roswell, New Mexico 88201-2019

NMNM91041X
3180 (06557)

AUG 31 1994

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

Gentlemen:

Your application of August 26, 1994, filed with the BLM requests the designation of the Quail Ridge Unit area, embracing 3514.96 acres, more or less, Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Santa Fe Energy Operating Partners, L. P., Quail Ridge Unit, Lea County, New Mexico, is hereby designated as a logical unit area and has been assigned No. NMNM91041X. This designation is valid for a period of one year from the date of this letter.

The unit agreement submitted for the area designated should provide for a well to test the base of the Middle Morrow formation, or to a depth of 13,500 feet, whichever is the lesser. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with modifications to sections 12 and 17B as shown on the attached Federal Register page. Corrections that need to be made to the attached Exhibit B are shown in red.

If conditions are such that modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for final approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

NEW MEXICO
OIL CONSERVATION DIVISION

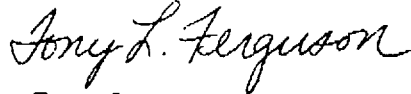
EXHIBIT 4A

CASE NO. _____

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Inasmuch as this unit agreement involves State land, we are sending a copy of the letter to the Commissioner of Public Lands. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,



Tony L. Ferguson
Assistant District Manager,
Minerals

Enclosures