

October 1, 1993

HAND DELIVERED

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

Attention: Mr. Curtis D. Smith



RE: AFEs and Well Proposals
Pure Gold "9" Fed. #2 and #8
Eddy County, New Mexico

Gentlemen:

Please find enclosed two (2) AFEs and Well proposals for the captioned wells which have been executed by Mitchell. Pursuant to my conversation with Mr. Curtis Smith on this date, it is Mitchell's understanding that Santa Fe will not drill either well until a decision has been obtained from the NMOCD for the unorthodox location requested on the Pure Gold "9" Fed. #2.

Please keep us advised of the status of the APD approvals on all of the Pure Gold wells.

Very truly yours,

MITCHELL ENERGY CORPORATION

Larry D. Cunningham
District Landman

LDC/jm

Enclosures

NEW MEXICO
OIL CONSERVATION DIVISION

_____ EXHIBIT 5 _____

CASE NO. _____

SEP 07 1993



Santa Fe Energy Operating Partners, L.P.

Santa Fe Pacific Exploration Company
Managing General Partner

September 2, 1993

Mitchell Energy Corp.
400 West Illinois
Suite 1000
Midland, Texas 79701

ATTN: Mr. Larry Cunningham

Re: **SFEOP Cont. #NM-4517-2**
North Pure Gold "9" Fed. #2 Well
Old Loc. 330' FSL & 660' FWL
New Loc. 660' FSL & 660' FWL
Sec. 9: T-23-S, R-31-E
Eddy County, New Mexico

Gentlemen:

Reference is made to my letter dated June 10, 1993 proposing the North Pure Gold "9" Fed. #2 Well as a Delaware/Brushy Canyon oil well to be drilled to a total depth of 8,200'. Please be advised that Santa Fe Energy Operating Partners, L.P. wishes to move the location to 660' FSL & 660' FWL and also drill this well to test the Atoka/Morrow at a total depth of 14,900'. Please disregard my June 10, 1993 letter and AFE which you signed and returned on June 24th, 1993.

Pursuant to Article VI.B of that Operating Agreement dated August 21, 1989 by and between Santa Fe Energy Operating Partners, L.P. ("Operator") and Mitchell Energy Corporation, Santa Fe Energy proposes the drilling of a 14,900' Atoka/Morrow test. Enclosed for your review and execution are two Well Cost Estimates. Should you elect to participate in the above proposed test, please sign in the space provided on Page 2 and return one original of this letter, along with an executed copy of the Well Cost Estimate. As you know, this location will require an Unorthodox Location Hearing which we have tentatively set for October 7th, 1993.

If you have any questions or comments, please call me at 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
1 Encl a/s

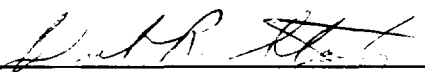
Permian Basin District
550 W. Texas, Suite 1330
Midland, Texas 79701
915/687-3551

Page 2
Mitchell Energy Corp.
September 2, 1993

✓

We **AGREE** to participate in the drilling of the Pure Gold "9" #2 Well at the revised location of 660' FSL & 660' FWL & to the revised depth of 14,900' (Atoka/Morrow Gas Well).

MITCHELL ENERGY CORPORATION

By: 

Title: District Exploration Manager

Date: 9/29/93

EWP1153

NPG9GA58

SANTA FE ENERGY OPERATING PARTNERS, L.P.

GENERALIZED WELL COST ESTIMATE RECEIVED

NAME: North Pure Gold "9" Fed. #2

LOC: 660' FSL & 660' FWL, Section 9-23S-31E, Eddy County, N.M.

AUG 09 1993

DESC: Drill and complete a 14,900' Atoka/Morrow

LAND DEPT.



ACCOUNT	DESCRIPTION OF COSTS	DRY HOLE	PRODUCER
501-000	TANGIBLE WELL COSTS		
-41	CONDUCTOR CSG	4,000	4,000
-41	SURFACE CSG	12,000	12,000
-41	PROTECTION CSG	53,690	53,690
-41	INTERMEDIATE CSG	163,800	163,800
-41	PROD CSG		
-41	PROD LINER		23,400
-42	TUBING		59,600
-43	WELLHEAD	5,000	40,000
-44	PMPG UNIT		
-45	PRIME MOVER		
-50	OTHER DWN HOLE EQUIP		15,000
-50	RODS		
-50	SUBSURFACE PMPS		
-50	CSG EQUIP	5,000	8,000
-50	ELECTRICAL		
-50	MISC. TANGIBLES		
-50	ROD EQUIP		
-50	TUBING EQUIP		1,000
	TOTAL TANGIBLE COSTS	243,490	380,490
541-000	LEASE FACILITY COSTS		
-50	FLOW LINES		5,000
-50	LABOR		6,000
-50	OTHER PROD EQUIP		30,000
-50	TANK FACILITIES		19,000
	TOTAL LEASE FACILITY COSTS	0	60,000
511-000	INTANGIBLE WELL COSTS		
-21	LOCATION	30,000	30,000
-22	FENCING		
-26	WTR & FUEL FOR RIG	40,000	40,000
-31	CONTRACTOR MOVING EXP		
-32	CONT FOOTAGE OR TURNKEY	11700' X \$21.00/ft	245,700
-32	CONTRACTOR DAY WORK	40 days X \$5800/d	232,000
-33	DRLG FLUID & ADDITIVES	80,000	80,000
-34	BITS & REAMERS	40,000	40,000
-36	CORING & CORE ANALYSES	Rotary Sidewall Coring (25 cores)	20,000
-37	CEMENT	85,000	85,000
-39	INSPECTION & TSTG OF TANG	10,000	20,000
-41	DIRECTIONAL DRLG SURVEYS	4,000	4,000
-42	DRILLING EQUIP RENTAL	45,000	45,000
-43	OPEN HOLE LOGGING	Production & Intermediate Suites	40,000
-44	DRILL STEM TSTG	Morrow & Atoka Tests	20,000
-45	MUD LOGGING	22,500	22,500
-51	TRANSPORTATION	25,000	35,000
-52	COMPLETION UNIT	8 days X \$1500/d	12,000
-53	COMPLETION TOOL RENTAL		16,000
-54	CASED HOLE LOGS & PERFOR		15,000
-55	STIMULATION		30,000
-56	RIG SITE SUPERVISION	28,000	33,000
-72	ADMINISTRATIVE OVERHEAD	6,000	10,000
-99	FSHG TOOLS & EXPENSES		
-99	TESTING: BHP, GOR, 4 PT. POT		9,809
	ABANDONMENT COST	9,264	
	OTHER INTANGIBLES		
0	CONTINGENCY (10%)	98,046	108,501
	TOTAL INTANGIBLES	1,056,510	1,193,510
	TOTAL COSTS	1,300,000	1,634,000

Drilling Dept:

Daniel Roberts

Date:

8/6/93

Operations Dept:

Michael R. Burton

Date:

8/9/93

SFEOP, L.P. Approval By:

[Signature]

Date:

8/9/93

Non Operator Approval By:

[Signature]

Date:

9/29/93

JACK R. STANLEY MITCHELL ENERGY CORPORATION