

NM OIL CONS. COMMISSION
DRAWER DD
ARTESIA, NM UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

0157

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL **DEEPEN**

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

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

3. ADDRESS AND TELEPHONE NO.
 550 W. Texas, Suite 1330, Midland, TX 79701 915/687-3551

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface (I), 1980' FSL & 330' FEL, Sec. 7, T-24S, R-31E
 At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.
 NM-57273

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 Palladium "7" Federal #9

9. AP WELL NO.
 30-015-28058

10. FIELD AND POOL OR WILDCAT SAND DRUGS, DELAWARE, S Und. (Delaware)

11. SEC. T., E., M., OR BLK. AND SURVEY OR AREA
 538/8

12. COUNTY OR PARISH
 Eddy

13. STATE
 NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 17 miles East of Loving, New Mexico O. C. D.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
 330'

16. NO. OF ACRES
 600

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

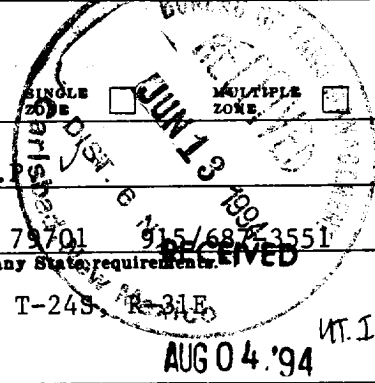
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 1320'

19. PROPOSED DEPTH
 8200'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3530' GR

22. APPROX. DATE WORK WILL START*
 July 25, 1994



23. PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48.0	400'	400 sx to circulate
11"	8-5/8"	32.0	4000'	1350 sx to circulate
7-7/8"	5-1/2"	15.5 & 17.0	8200'	Tie back to 3000'

We propose to drill to a depth sufficient to test the Delaware formation for oil. If productive, 5-1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

- | | |
|------------------------------------|--|
| Drilling Program | Exhibit E - Topo Map of Locations |
| Exhibit A - Operations Plan | Exhibit F - Map Showing Existing Wells |
| Exhibit B - BOP and Choke Diagram | Exhibit F(A) - Plat of Location |
| Exhibit C - Drilling Fluid Program | Exhibit G - Well Site Layout |
| Exhibit D - Auxiliary Equipment | Surface Use and Operations Plan |

Part ID-1
8-12-94
New Loc & API

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Daniel Robito TITLE Division Drilling Engineer DATE 6/10/94

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

APPROVED BY Michael R. Ford TITLE Acting State Director DATE 7-25-94

*See Instructions On Reverse Side