

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

811 S. 1ST ST.
ARTESIA, NM 88210-2834

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Santa Fe Energy Resources, Inc. *20305*

3. ADDRESS AND TELEPHONE NO.
 550 W. Texas, Suite 1330; Midland, Texas 79701 (915)682-6373

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface (J) 2080' FSL & 1930' FEL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 7.5 miles east of Malaga, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) *1930'*

16. NO. OF ACRES IN LEASE *560*

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. *1420'*

19. PROPOSED DEPTH *8300'*

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3040' GR

22. APPROX. DATE WORK WILL START*
 July 10, 1997

5. LEASE DESIGNATION AND SERIAL NO.
 NM 88134

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 H. B. "11" Federal #11 *17819*

9. API WELL NO.
 30-015-29739

10. FIELD AND POOL, OR WILDCAT *11570*
 Cedar Canyon Bone Spring

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 11, T-24-S, R-29-E

12. COUNTY OR PARISH | 13. STATE
 Eddy | New Mexico

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	H-40 13 3/8"	48.0	350'	350 sx to circulate
11"	K-55 8 5/8"	32.0	3000'	850 sx to circulate
7 7/8"	K-55 5 1/2"	17.0	8300'	500 sx for TOC @ 6000'

We propose to drill to a depth sufficient to test the Bone Spring formation for oil. If productive, 5 1/2" casing will be cemented to 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 A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

Approval Subject to
General Requirements and
Special Stipulations
Attached

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan

RECEIVED
1997 JUN -9
BUREAU OF LAND MANAGEMENT
ROSWELL, N.M.
Posted 10-1
NL & MPI
7-25-97

Santa Fe Energy Resources, Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond BLM Bond File No.: MT 0750

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 *James P. Phil* TITLE Agent for Santa Fe Energy DATE 6-6-97

(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.

APPROVED BY *ORIG SGT. TONY PERBURNA* TITLE ADM. MINERALS DATE 7/17/97

*See Instructions On Reverse Side