

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil
P.O. Box 1980
Hobbs, NM 88247

FORM APPROVED

Budget Bureau No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-98247
2. Name of Operator Santa Fe Energy Resources, Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 550 W. Texas, Suite 1330, Midland, TX 79701	3b. Phone No. (include area code) 915/686-6612	7. If Unit or CA/Agreement, Name and/or No. Gaucha
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) (N), 660' FSL and 1650' FWL, Sec. 20, T-22S, R-34E		8. Well Name and No. Gaucha Unit No. 3
		9. API Well No. 30-025-34557
		10. Field and Pool, or Exploratory Area Ojo Chiso; Morrow, West
		11. County or Parish, State Lea NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

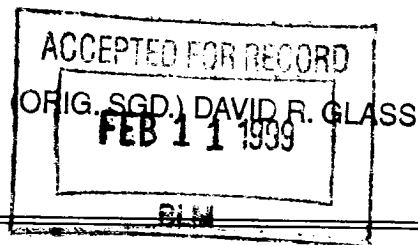
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Spud and ran surface casing
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

01/22/99: Depth 2200'. TD 17-1/2" hole at 4:00 PM. Circ to run csg. Drop Totco & POOH. LD BHA. RU csg crew. Ran 48 jts 13-3/8" 61.0# J-55 ST&C casing

01/18/99: LD BHA. RU csg crew. Run 17 jts 20" 44.0# H-40 casing and set at 780'. RU Halliburton. Cemented w/ 775 sx HLP containing 1/4 pps floccel, tail w/ 250 sx Cl "C" + 2% CaCl2. Had good circulation and circ'd 200 sx to pit. PD @ 3:30 PM. WOC. Cut casing off and weld on head.

01/19/99: NU BOP. PU BHA & TIH. Tag cement @ 720'. Drill cmt plug, float. & shoe. Test casing to 600# for 30 minutes, ok. Resume drilling formation.



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Terry McCullough	Title Sr. Production Clerk
<i>Terry McCullough</i>	Date January 25, 1999

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	