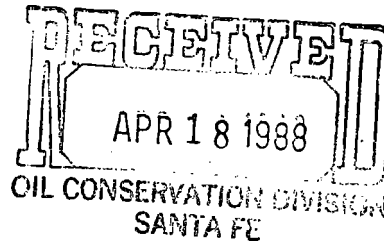




Union Texas Petroleum



375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

April 15, 1988

Mr. William J. LeMay
N.M. Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Re: Request for Administrative Approval to Intentionally
Deviate a Well from Vertical
McCord 2E
Surface Location: 860' FNL & 1550' FWL
Bottomhole Location: 1900' FSL & 2000' FEL
Section 34, T30N-R13W
San Juan County, New Mexico

Dear Mr. LeMay:

Union Texas Petroleum (UTP) requests administrative approval to intentionally deviate a well from vertical. UTP desires to place the McCord 2E at a surface location of 860' FNL and 1550' FWL of Section 34, T30N-R13W. This location will be on UTP's McCord 3E well pad (see attached) which is located outside of the Farmington City limits.

UTP intends to directionally drill the McCord 2E from the aforementioned surface location to a bottomhole location of 1900' FSL & 2000' FEL of Section 34, T30N-R13W. This is an unorthodox location which was approved April 21, 1987 pursuant to Administrative Order NSL-2338.

UTP requests this approval for two reasons:

No. 1

The well was initially planned to be drilled straight at the unorthodox location referenced above. After lengthy discussions with the surface landowner and his attorney, UTP could not come to terms for a surface damage agreement. This unorthodox well location is located in a proposed subdivision within the City of Farmington.

No. 2

The proposed surface location will be outside of the City of Farmington and thereby will eliminate the necessity of buried tanks and complying with the City requirements when drilling and producing a well within the City limits. Another benefit of drilling from this location is that a pipeline tie-in is readily available from the existing McCord 3E pipeline.

NMOCD
April 15, 1988
Page Two

UTP believes that by granting approval to intentionally deviate this well from vertical it will prevent waste by allowing UTP to produce a well which may never be drilled if the approval is not granted. In addition, UTP believes that all correlative rights will be protected by granting this application.

Pursuant to Rule 111-(d), UTP realizes that an acceptable bottom-hole location will not be farther than 50' away from the approved unorthodox location of 1900' FSL & 2000' FEL, Section 34, T30N-R13W. Pursuant to Rule 111-(e), UTP has notified the off-setting proration unit operators of our intentions. The operators were notified by certified mail as of this date, a copy of which is attached for your review.

If I may be of any further assistance, please advise.

Very truly yours,


Robert C. Frank
Permit Coordinator

RCF:lmj
attachments

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-12
Effective 1-1-83

All distances must be from the outer boundaries of the Section.

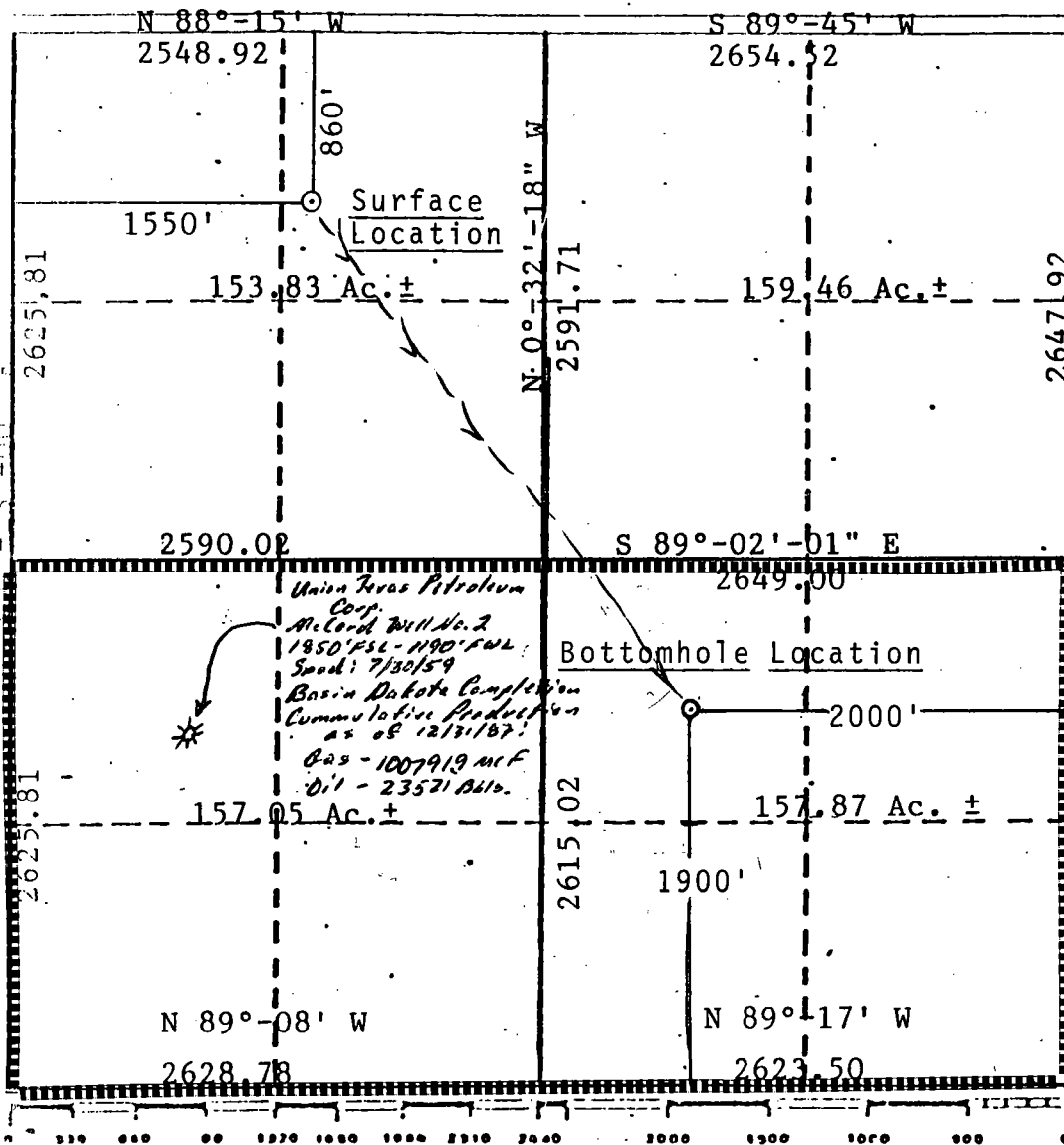
Operator Union Texas Petroleum			Lease Mc Cord			Well No. 2-E		
Unit Letter C	Section 34	Township 30 N	Range 13 W	County San Juan				
Actual Footage Location of Well:								
860		feet from the North		line and 1550		feet from the West		line
Ground Level Elev. 5681		Producing Formation Dakota		Pool Basin		Dedicated Acreage: S/2 314.92		Acreage

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



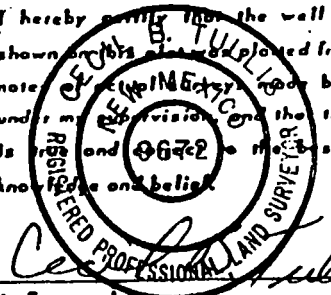
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Robert C. Frank

Name
Robert C. Frank
Position
Permit Coordinator
Company
Union Texas Petroleum
Date
April 14, 1988

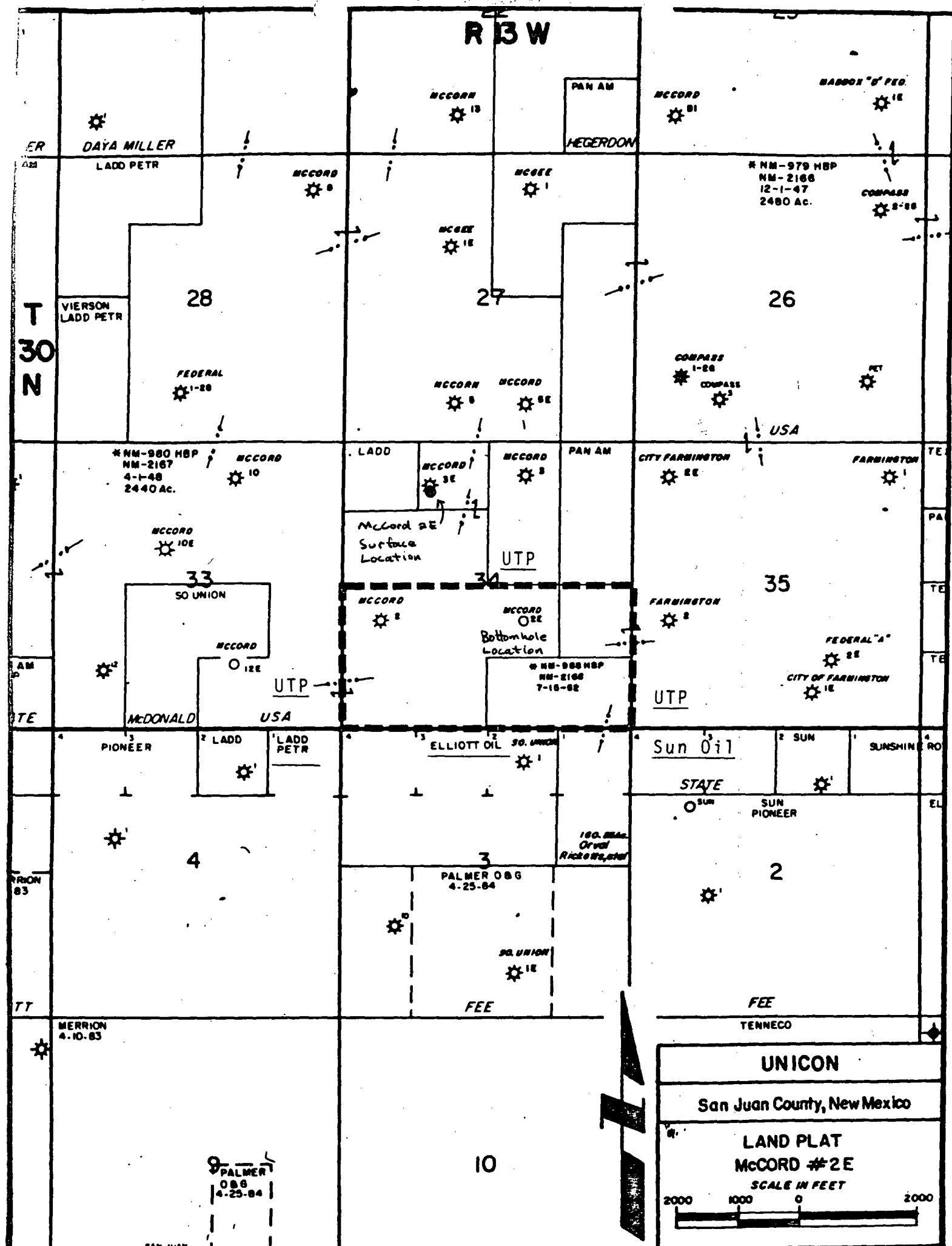
I hereby certify that the well location shown on this plat was plotted from field notes and is true and correct to the best of my knowledge and belief.

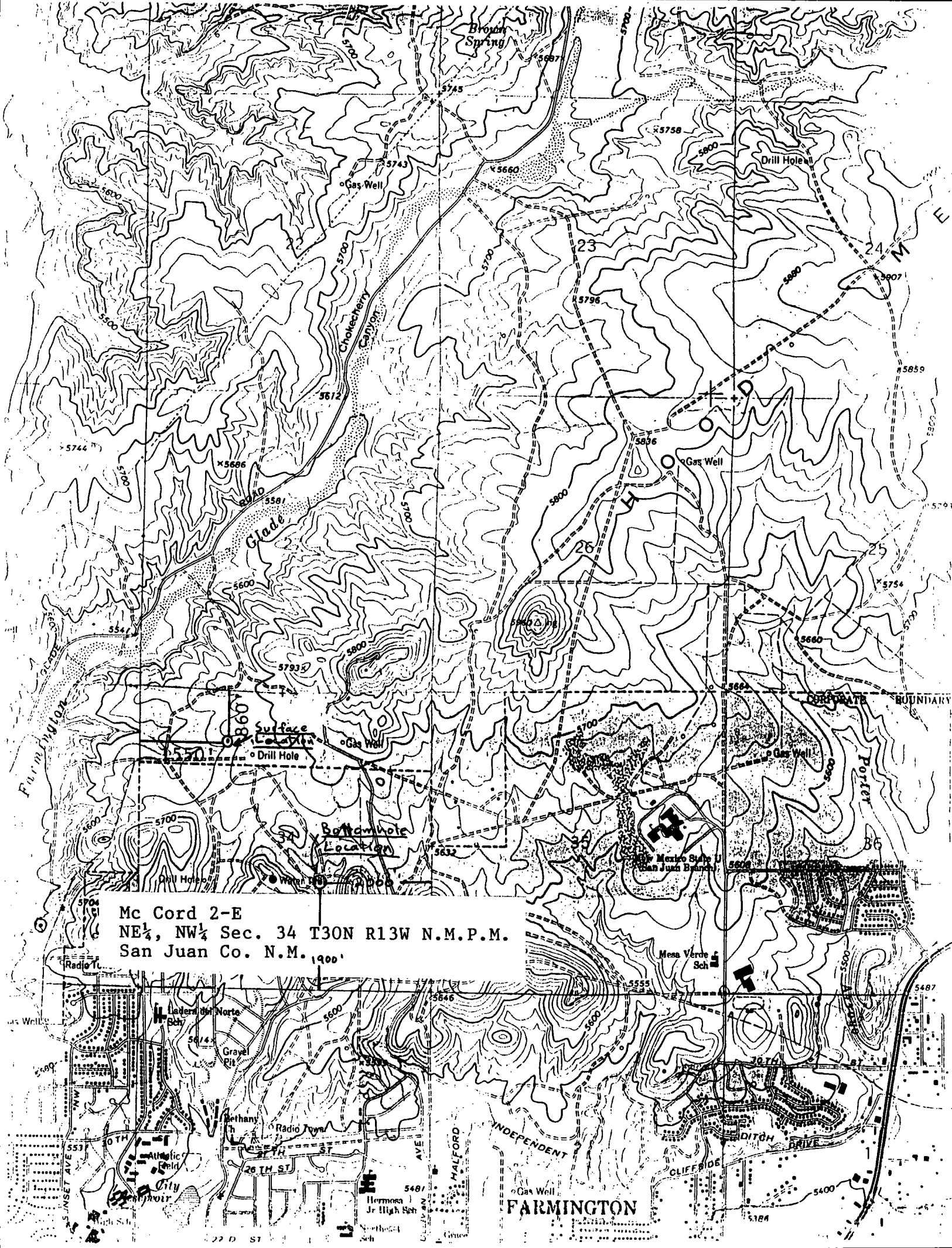


Date Surveyed
March 23, 1988
Registered Professional Engineer and/or Land Surveyor

Cecil B. Tullis
Certificate No.

9672



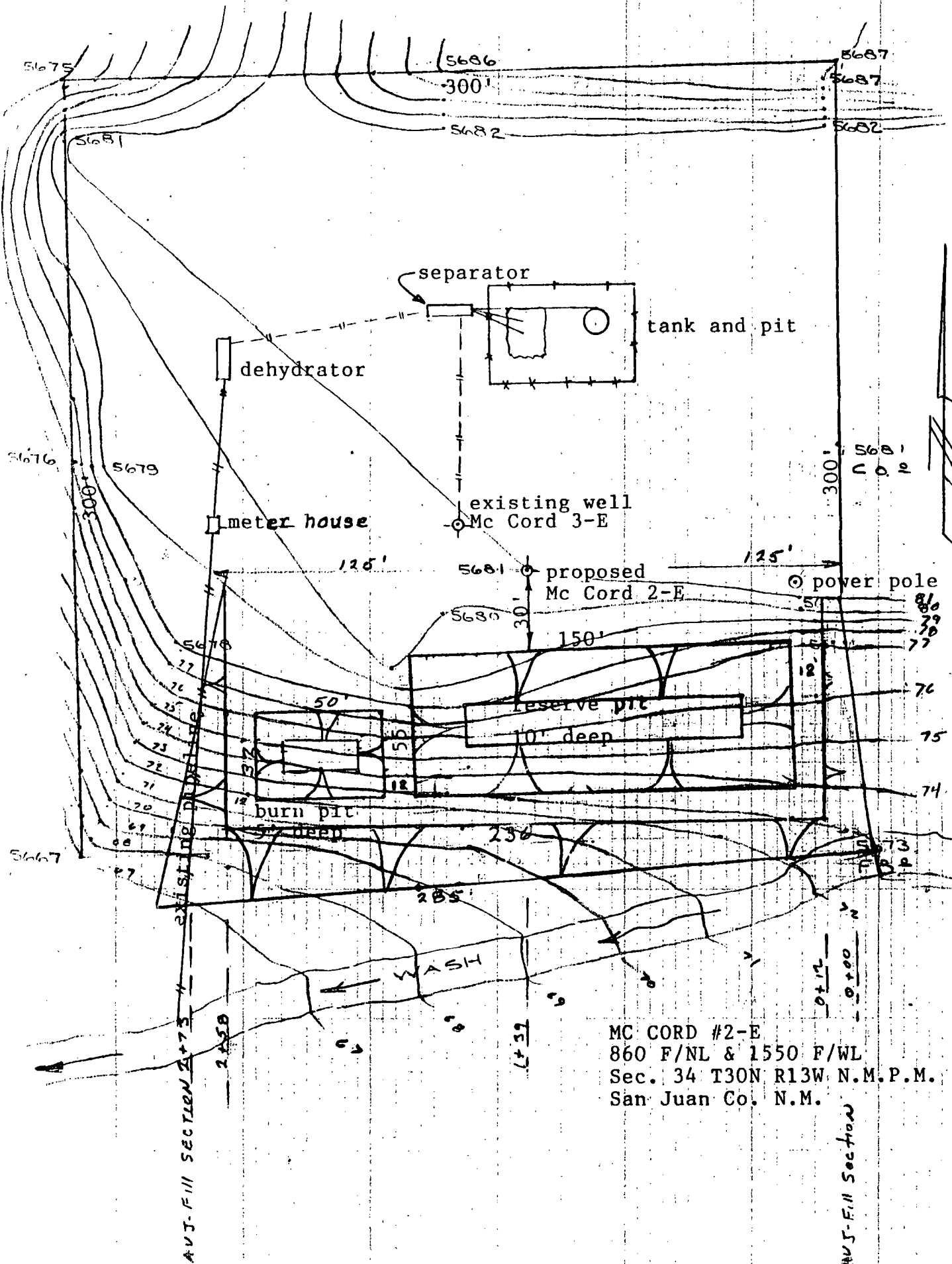


Mc Cord 2-E
NE $\frac{1}{4}$, NW $\frac{1}{4}$ Sec. 34 T30N R13W N.M.P.M.
San Juan Co. N.M. 1900'

FARMINGTON

SCALE: 1" = 50'

TOPO AND PAD LAYOUT



MC CORD #2-E
 860 F/NL & 1550 F/WL
 Sec. 34 T30N R13W N.M.P.M.
 San Juan Co. N.M.



Union Texas Petroleum

April 15, 1988

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

Operations Manager
Sun Exploration and Production Co.
Suite 600
3151 South Vaughn Way
Aurora, CO 80014

Re: Request for Administrative Approval to Intentionally
Deviate a Well from Vertical
McCord 2E
Surface Location: 860' FNL & 1550' FWL
Bottomhole Location: 1900' FSL & 2000' FEL
Section 34, T30N-R13W
San Juan County, New Mexico

Dear Sir:

Union Texas Petroleum has requested administrative approval to drill a directional well from a surface location of 860' FNL and 1550' FWL to an approved unorthodox bottomhole location of 1900' FSL and 2000' FEL, Section 34, T30N-R13W (see attached).

Our request is necessitated by the surface owner requesting and demanding exorbitant surface damages and favors. In order to eliminate a court battle we have elected to move the surface location outside of the Farmington City limits.

As an offset operator we are required to notify you of our intentions. If you do not approve of our proposal you must notify the New Mexico Oil Conservation Division in Santa Fe, New Mexico within twenty days of this date. If you are in accord with our proposal, please acknowledge by signing below and returning one copy of this letter to Union Texas Petroleum at your earliest convenience.

If you have any further questions or concerns, please feel free to contact me.

Very truly yours,

Robert C. Frank
Permit Coordinator

RCF:lmg
attachment

Acknowledgement:

Title



Union Texas Petroleum

April 15, 1988

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

Operations Manager
Ladd Petroleum Corp.
Suite 1700
270 17th Street
Denver, CO 80202

Re: Request for Administrative Approval to Intentionally
Deviate a Well from Vertical
McCord 2E
Surface Location: 860' FNL & 1550' FWL
Bottomhole Location: 1900' FSL & 2000' FEL
Section 34, T30N-R13W
San Juan County, New Mexico

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If you have any further questions or concerns, please feel free to contact me.

Very truly yours,

Robert C. Frank
Permit Coordinator

RCF:lmg
attachment

Acknowledgement:

Title



Union Texas Petroleum

April 15, 1988

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

Operations Manager
Elliot Oil Company
P. O. Box 1355
Roswell, NM 84402

Re: Request for Administrative Approval to Intentionally
Deviate a Well from Vertical
McCord 2E
Surface Location: 860' FNL & 1550' FWL
Bottomhole Location: 1900' FSL & 2000' FEL
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San Juan County, New Mexico

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Very truly yours,

Robert C. Frank
Permit Coordinator

RCF:lmg
attachment

Acknowledgement:

Title



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

AZTEC DISTRICT OFFICE

MAY 16 1988

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

OIL CONSERVATION DIVISION
SANTA FE

DATE 5-10-88

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Intentionally Deviate a well X

Gentlemen:

I have examined the application dated 4-18-88
for the Union Texas Petroleum Corp. Mc Cord 2E Surface
Operator Lease and Well No. J-34-30N-13W
Unit, S-T-B
Bottom Hole
J-34-30N-13W

and my recommendations are as follows:

Approve

Yours truly,

[Signature]

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

April 21, 1987

POST OFFICE BOX 2098
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Union Texas Petroleum
375 U.S. Highway 64
Farmington, New Mexico 87401

Attention: Robert C. Frank

Administrative Order NSL-2338

Gentlemen:

Reference is made to your application for a non-standard location for your McCord Well No. 2E to be located 1900 feet from the South line and 2000 feet from the East line of Section 34, Township 30 North, Range 13 West, NMPM, Basin Dakota Pool, San Juan County, New Mexico. The S/2 of said Section 34 is to be dedicated to the well.

By authority granted me under the provisions of Rule 104 F(I), the above-described unorthodox location is hereby approved.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. LeMay".

WILLIAM J. LeMAY, DIRECTOR

WJL/DC/dr

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington