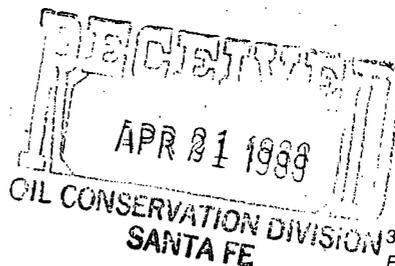




Union Texas Petroleum



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

April 19, 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
Payne 4E
Surface Location: 1820' FNL and 170' FWL
Section 23, T32N-R10W
Bottomhole Location: 1650' FNL and 1850' FEL
Section 22, T32N-R10W
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 Payne 4E at a surface location of 1820' FNL and 170' FWL of Section 23, T32N-R10W. This location will be on Federal surface with operators of record being Tenneco Oil Company and El Paso Natural Gas Company. A R-O-W grant from the BLM is currently in progress. This R-O-W will give UTP the right to occupy this land for the purpose of drilling, completing, operating, and producing this well.

UTP intends to directionally drill the Payne 4E from the aforementioned surface location to a bottomhole location of 1650' FNL and 1850' FEL of Section 22, T32N-R10W. This is a legal location.

UTP requests this approval for the following reason. The well was initially planned to be drilled straight at the location referenced above. After lengthy discussions with the surface landowner, UTP could not come to terms for a surface damage agreement. This proration unit is not reasonably accessible from any direction except from the existing roads through this proration unit. Inasmuch as we are unable to come to terms with the landowner, who controls access to these roads, we are left with no other choice than to directionally drill this well.

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.

NMOCD
April 18, 1988
Page Two

Pursuant to Rule 111-(d), UTP realizes that an acceptable bottomhole location will not be farther than 50' away from the proposed bottomhole location of 1650' FNL and 1850' FEL, Section 22, T32N-R10W. Pursuant to Rule 111-(e), UTP has notified the offsetting 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

cc: NMOCD-Aztec

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

Operator Union Texas Petroleum		Lease Payne		Well No. 4-E
Unit Letter G	Section 22	Township 32 North	Range 10 West	County San Juan

BOTTOMHOLE LOCATION

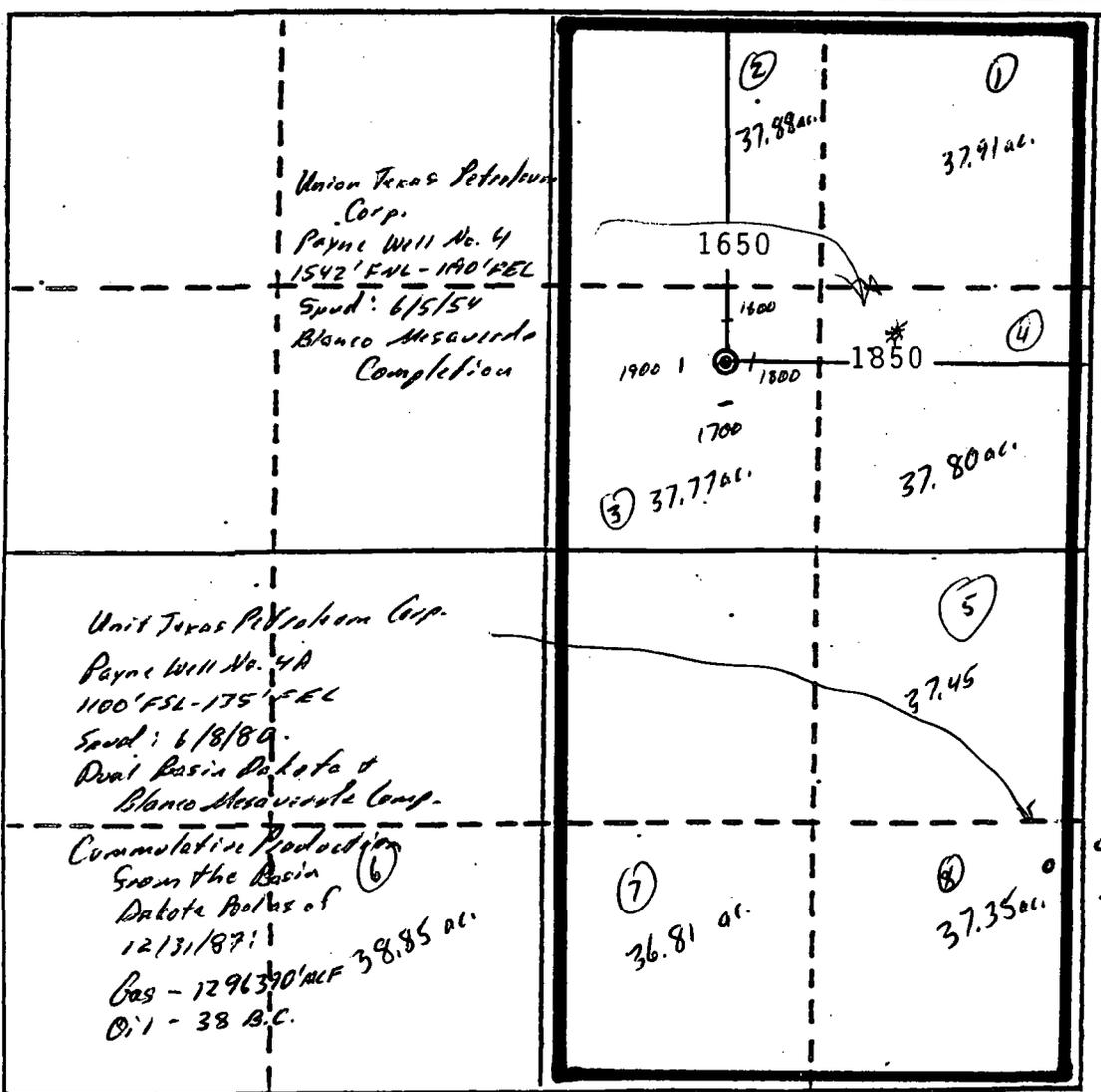
1650 feet from the North line and 1850 feet from the East line

Ground Level Elev. 5964	Producing Formation Dakota	Pool Basin	Dedicated Acreage: E/2 320 302.97 ac.
----------------------------	-------------------------------	---------------	--

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 Communitized

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 Division.



CERTIFICATION

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

Robert C. Frank

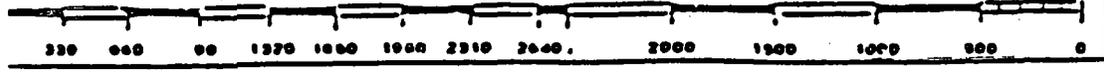
Name: Robert C. Frank
Position: Permit Coordinator
Company: Union Texas Petroleum
Date: April 15, 1988

I hereby certify that the well location shown on this plat was plotted from field notes of correct survey made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Michael Daly

Date Surveyed: January 18, 1984
Registered Professional Engineer and/or Land Surveyor

Michael Daly
Certificate No. 5992



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

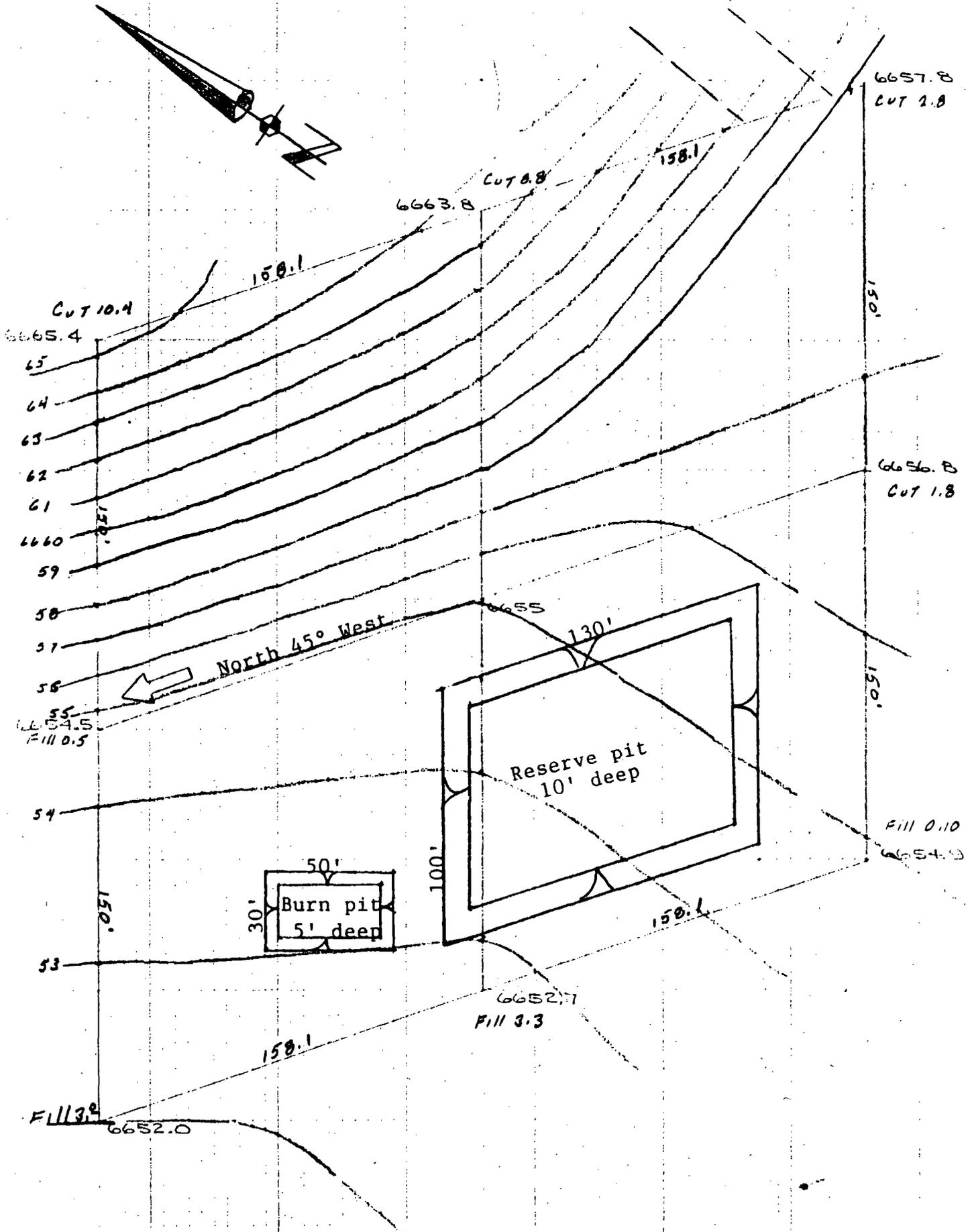
107° 52' 30" 245000mE COLORADO 247 50' 248
37° 00'



UNION TEXAS PETROLEUM CORPORATION

SCALE 1" = 50'

PAYNE 4-E
1820 F/NL & 170 F/WL
Sec. 23 T32N R10W N.M.P.M.
San Juan County N.M.



UNION TEXAS PETROLEUM CORPORATION

PAYNE 4-E

NOTE: FINISH ELEV. 6655

SCALE: HORZ. 1"=50'

VERT. 1"=10'

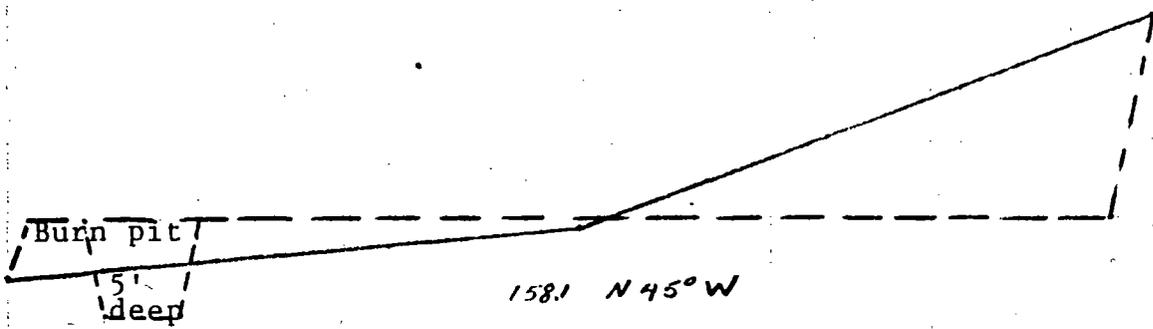
AVERAGE CUT.....7658 CU YDS

AVERAGE FILL.....1685 CU YDS

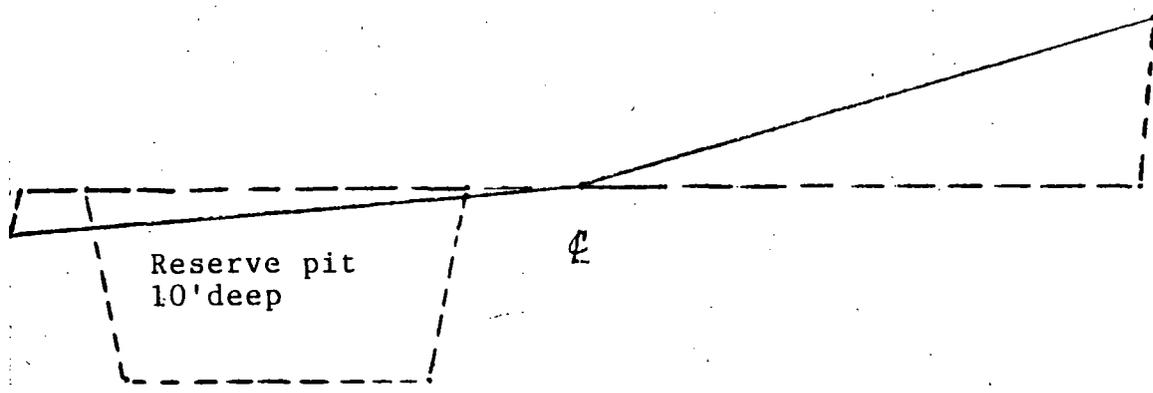
PIT EXCAVATION.....4208 CU YDS

NO TOPSOIL

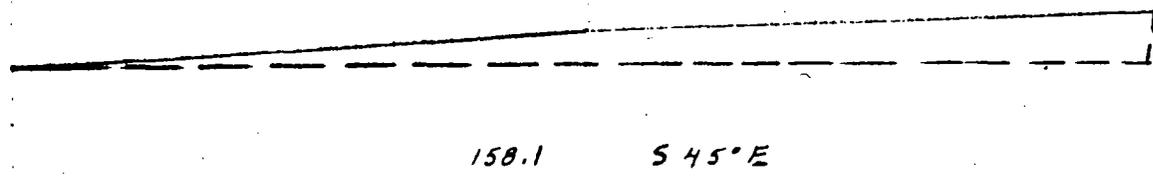
6655



6655



6655





Union Texas Petroleum

April 19, 1988

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

Operations Manager
Tenneco Oil Company
P. O. Box 3249
Englewood, CO 80155

Re: Request for Administrative Approval to
Intentionally Deviate a Well from Vertical
Payne 4E
Surface Location: 1820' FNL and 170' FWL
Section 23, T32N-R10W
Bottomhole Location: 1650' FNL and 1850' FEL
Section 22, T32N-R10W
San Juan County, New Mexico

Dear Sir:

Union Texas Petroleum has requested administrative approval to drill a directional well from a surface location of 1820' FNL and 170' FWL of Section 23, T32N-R10W to a bottomhole location of 1650' FNL and 1850' FEL, Section 22, T32N-R10W (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 to a surface location owned by the Federal Government.

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 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 19, 1988

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

Operations Manager
El Paso Natural Gas Company
P. O. Box 990
Farmington, NM 87499

Re: Request for Administrative Approval to
Intentionally Deviate a Well from Vertical
Payne 4E
Surface Location: 1820' FNL and 170' FWL
Section 23, T32N-R10W
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Robert C. Frank
Permit Coordinator

RCF:lmg
attachment

Acknowledgement:

Title



Union Texas Petroleum

April 19, 1988

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

Operations Manager
Amoco Production Company
2325 East 30th Street
Farmington, NM 87401

Re: Request for Administrative Approval to
Intentionally Deviate a Well from Vertical
Payne 4E

Surface Location: 1820' FNL and 170' FWL
Section 23, T32N-R10W

Bottomhole Location: 1650' FNL and 1850' FEL
Section 22, T32N-R10W

San Juan County, New Mexico

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Very truly yours,

Robert C. Frank
Permit Coordinator

RCF:lmg
attachment

Acknowledgement:

Title



Union Texas Petroleum

April 19, 1988

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

Operations Manager
Meridian Oil, Inc.
P. O. Box 4289
Farmington, NM 87499

Re: Request for Administrative Approval to
Intentionally Deviate a Well from Vertical
Payne 4E
Surface Location: 1820' FNL and 170' FWL
Section 23, T32N-R10W
Bottomhole Location: 1650' FNL and 1850' FEL
Section 22, T32N-R10W
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Very truly yours,


Robert C. Frank
Permit Coordinator

RCF:lmg
attachment

Acknowledgement:

Title

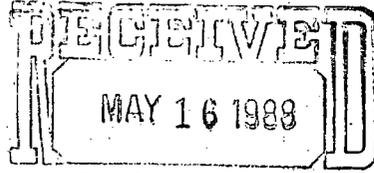


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

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

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501



DATE 5-10-88

OIL CONSERVATION DIVISION
SANTA FE

- 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 4-21-88

for the Mission Texas Petroleum Corp. Payne #4E
Operator Lease and Well No.

Surface
E-23-32N-100
Unit, S-T-R
Bottomhole
G-22-32N-100

and my recommendations are as follows:

Approve

Yours truly,

E. J. B...