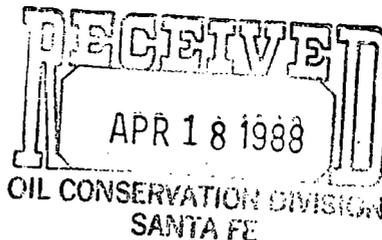




Union Texas Petroleum



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 1-1-85

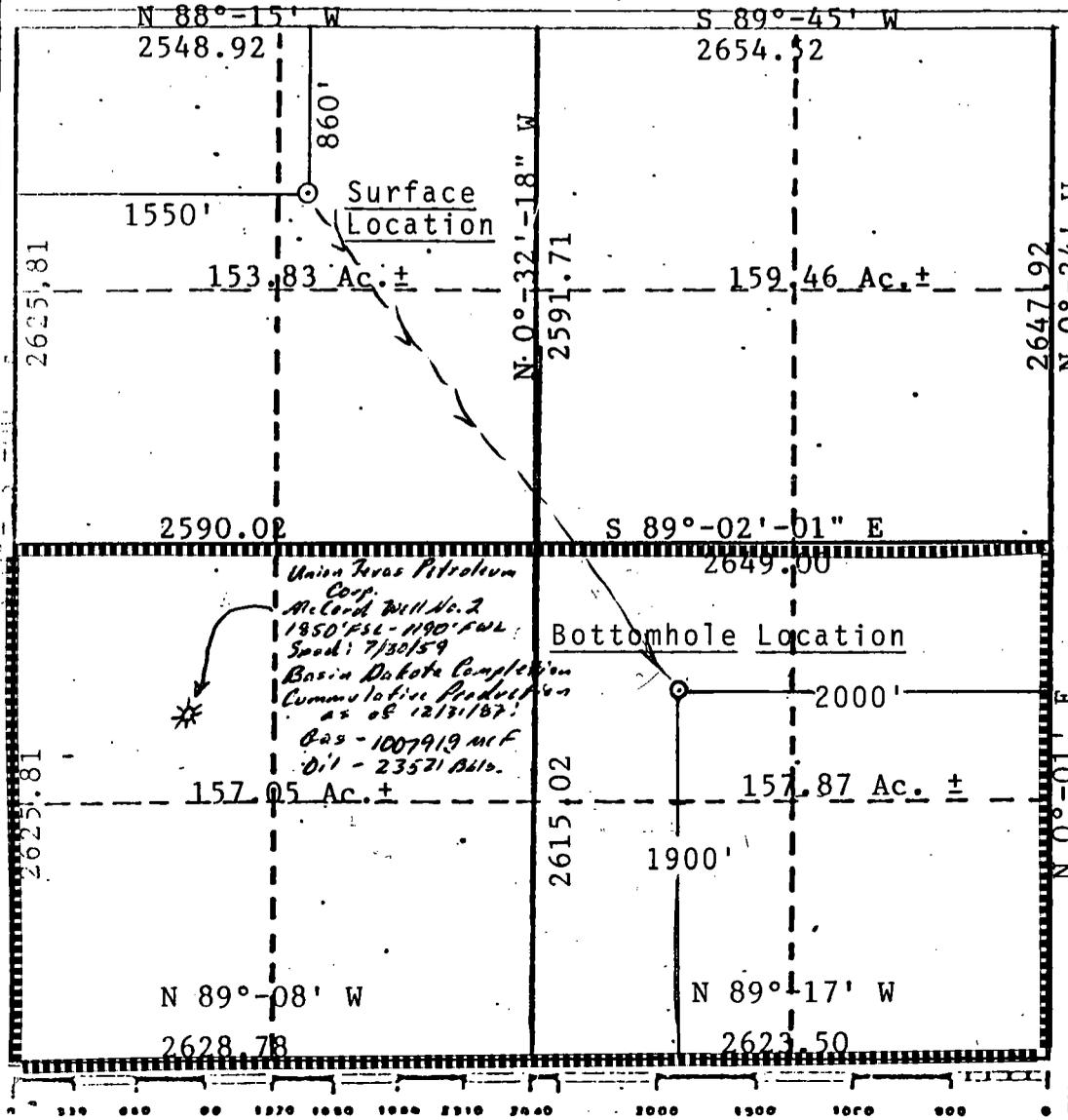
All distances must be from the outer boundaries of the Section.

| | | | | | | | | |
|---|--------------------------------------|-------------------------|-------------------------|---------------------------|--|------------------------|---|--|
| 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 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 in accordance with the provisions of the laws of this state and the same is true and correct to the best of my knowledge and belief.

CECIL B. TULLIS
REGISTERED PROFESSIONAL ENGINEER AND SURVEYOR
No. 6672

Cecil B. Tullis
Date Surveyed
March 23, 1988
Registered Professional Engineer and/or Land Surveyor
Cecil B. Tullis
Certificate No.
9672

R 3 W

T 30 N

DAYA MILLER

LADD PETR

MCCORD 13

PAN AM
HEGERDON

MCCORD 81

MADDOX "D" FED.
1E

* NM-979 HBP
NM-2168
12-1-47
2480 AC.

COMPASS
2-88

28

27

26

VIERSON
LADD PETR

FEDERAL
1-28

MCCORD 1E

MCCORD 1

COMPASS
1-88
COMPASS
3-88

USA

* NM-980 HBP
NM-2167
4-1-48
2440 AC.

MCCORD 10

LADD

MCCORD 3E

MCCORD 5

PAN AM

CITY FARMINGTON
3E

FARMINGTON
1E

MCCORD
10E

33

SO UNION

MCCORD 2E
Surface
Location

UTP

34

35

MCCORD 2

MCCORD 02E
Bottomhole
Location

FARMINGTON
2

FEDERAL "A"
2E

CITY OF FARMINGTON
1E

MCDONALD

UTP

USA

* NM-988 HBP
NM-2166
7-18-82

UTP

PIONEER

LADD

LADD
PETR

ELLIOTT OIL

SO. UNION

Sun Oil

SUN

SUNSHINE RO

STATE

SUN
PIONEER

4

3

2

PALMER OBG
4-25-84

100.000
Oil
Ricks, Water

SO. UNION

SO. UNION
1E

FEE

FEE

TENNECO

MERRION
4.10.83

PALMER
OBG
4-25-84

10

UNICON

San Juan County, New Mexico

LAND PLAT
MCCORD #2E

SCALE IN FEET





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

Farmington

Bottom Hole Location

Surface Location

Drill Hole

Brought Spring

Glade

Chokecherry Canyon

Meas Verde Sch

Hermosa Jr High Sch

Ledera Sch

City

CLIFFSIDE DITCH

INDEPENDENT

HALFORD AVE

26 TH ST

10 TH ST

W ANSET AVE

22 D ST

High Sch

Green

5184

5487

5555

5600

5660

5754

5796

5859

5907

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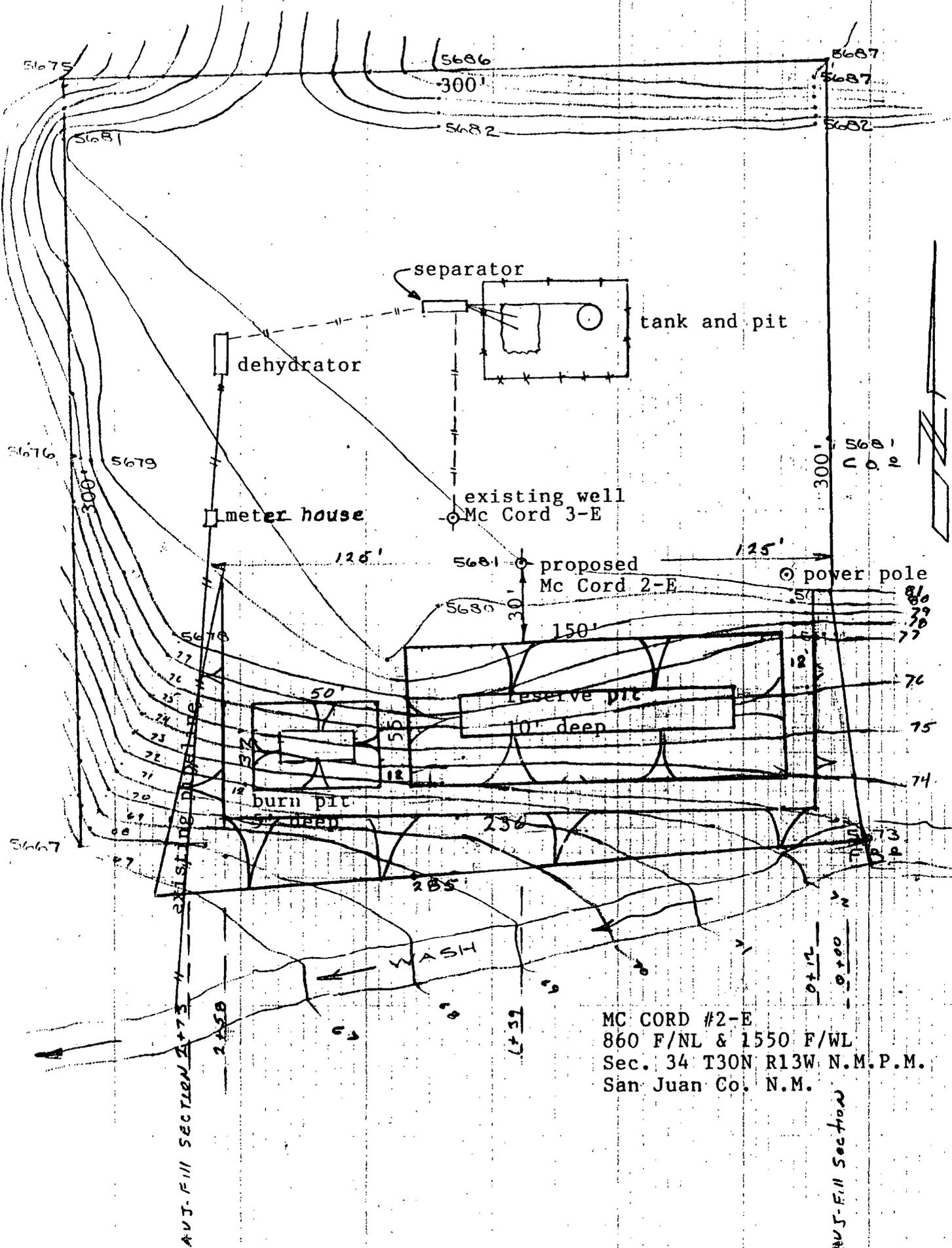
5687

5743

UNION TEXAS PETROLEUM CORPORATION

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.

AVJ-F-11 Section 2



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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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
Section 34, T30N-R13W
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} J-34-30N-13a
Operator Lease and Well No. Unit, S-T-B
Bottom Hole J-34-30N-13a

and my recommendations are as follows:

Approve

Yours truly,

[Signature]

STATE OF NEW MEXICO

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 cursive script, appearing to read "William J. LeMay".

WILLIAM J. LeMAY, DIRECTOR

WJL/DC/dr

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