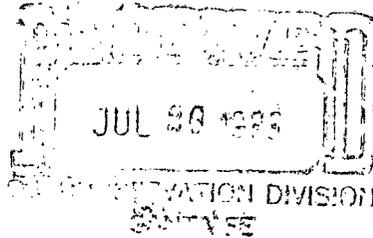


A. R. KENDRICK

Box 516 • Aztec, New Mexico 87410 • (505) 334 2555

July 25, 1985

Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501



Re: Application for Non-Standard Location

Gentlemen:

We respectfully request approval of the non-standard location of the S.E.R.H., Inc. Navajo 5 #2 well located 1980' FSL 660' FWL of Section 5, T26N, R19W, an Undesignated Organ Rock Gas well in San Juan County.

Administrative Order NSL-1977, dated January 25, 1985, approved the location for gas production from the Mississippian formation (160 acres).

All wells shown on Exhibit B are operated by S.E.R.H., Inc. either under lease from or by an Operating Agreement with the minerals owner, the Navajo Tribe of Indians. Therefore, there are no offset operators. The Navajo Tribe of Indians has been notified of this application by certified mail with this mailing.

If further information is needed, please contact me.

No Area Pool

Yours very truly,

A. R. Kendrick

Enclosures

xc: Navajo Tribe of Indians
c/o Bureau of Indian Affairs
Navajo Area Office
Box M
Window Rock, Arizona 86515

S.E.R.H., Inc.
Box 312
Otis, Kansas 67565

Oil Conservation Division,
1000 Rio Brazos Road
Aztec, New Mexico 87410



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

*201-89
 No card*

January 25, 1985

TONY ANAYA
 GOVERNOR

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

Petroleum Energy, Inc.
 P. O. Box 2121
 Durango, Colorado 81301

Attention: Jay D. Magness

Administrative Order NSL-1977

Gentlemen:

Reference is made to your application for a non-standard location for your Navajo ^{5~~2~~2} Well located 1980 feet from the South line and 660 feet from the West line of Section 5, Township 26 North, Range 19 West, NMPM, Mountain Mississippi Pool Extension, San Juan County, New Mexico. The SW/4 of Section 5 shall be dedicated to the well.

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

Sincerely,

R. L. STAMETS, DIRECTOR

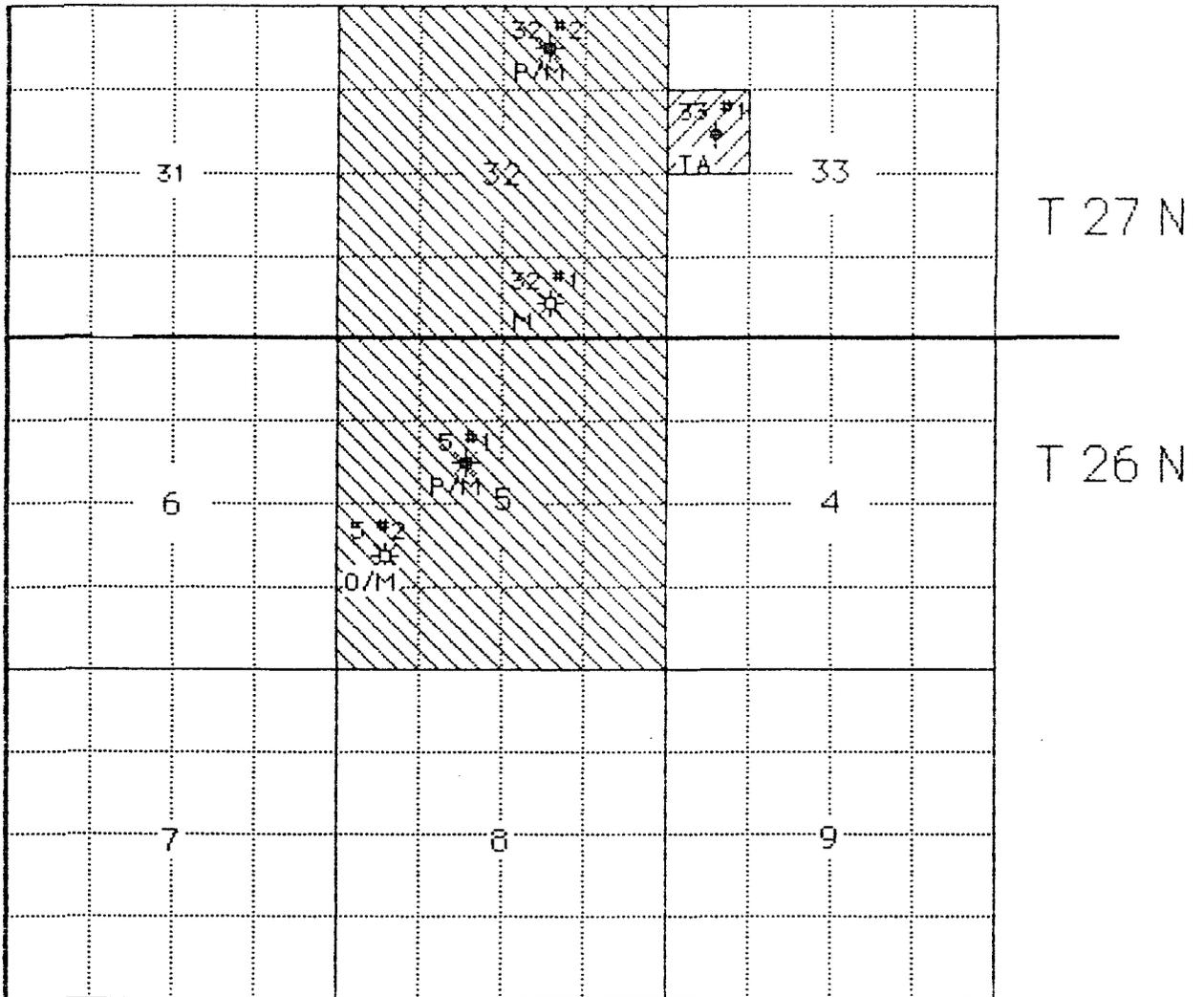
RLS/DC/dr

cc: ✓ Oil Conservation Division - Aztec
 Oil & Gas Engineering Committee - Hobbs
 Bureau of Land Management - Farmington

RECEIVED
 JAN 29 1985
 OIL CON. DIV.
 DIST. 3

EXHIBIT A

R 19 W



LEGEND

- = OIL WELL
- * = OIL/GAS DUAL
- ⊗ = GAS WELL
- P = PENNSYLVANIAN OIL WELL
- M = MISSISSIPPIAN GAS WELL
- O = ORGAN ROCK GAS WELL
-  = ACREAGE LEASED FROM NAVAJO TRIBE BY S.E.R.H., INC.
-  = WELLS OPERATED BY S.E.R.H., INC. BY OPERATING AGREEMENT WITH THE NAVAJO TRIBE.

EXHIBIT B



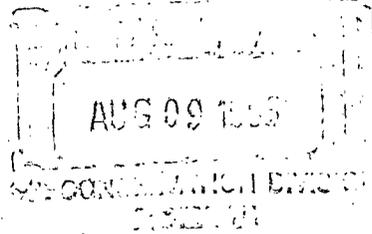
ENERGY AND MINERALS DEPARTMENT

1977

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 8-5-85

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

Gentlemen:

I have examined the application dated 7-25-85

for the S.E.R.H. Inc. Navajo #2 K-5-26N-19W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

[Signature]

Yours truly,

[Signature]