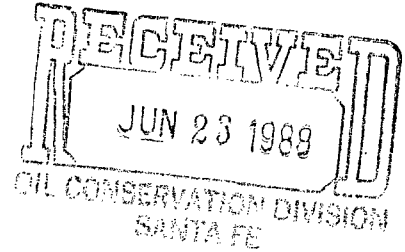




Texaco USA

PO Box 728
Hobbs NM 88240
505 393 7191



June 20, 1988

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay

RE: APPLICATION
Unorthodox Well Location
State "P" Well No. 13
Undes. Lovington Grayburg-San Andres Pool
Lea County, New Mexico

*40 Acres del -
NW 1/4 SE 1/4
Section 32*

Gentlemen:

Texaco Producing Inc. hereby makes application for administrative approval for an unorthodox well location for the subject well, said location being described as follows:

State "P" Well No. 13
1350' from South Line, and
2410' from East Line,
Section 32, T-16-S, R-37-E
Lea County, New Mexico

In support of this Application, Texaco Producing Inc. presents the following:

1. The proposed wellsite is within one mile of the Lovington Grayburg-San Andres defined oil pool boundary, which pool does not have special field rules. Division Rule 104 requires that wells be located on a U.S. governmental quarter-quarter section, not closer than 330 feet to any boundary of such tract. The proposed well does not meet this location requirement. Attached is a plat which shows offsetting tracts, ownership, and wells.

After notice and public hearing, the subject well, State "P" No. 13, was granted approval of an unorthodox location for drilling to the Shipp Strawn Pool. The Strawn formation was found to be unproductive. Now, it is proposed that the well be recompleted uphole to the Grayburg-San Andres pool.

*RE: Case File
9300*
*Remarks: The above described
unorthodox location for the subject
well was originally approved by
Order No. 2-8408 for a
proposed Strawn
completion.*

3. The proposed unorthodox location and the governmental quarter-quarter sections which offset the proposed unorthodox location to the south and to the west are all located entirely within the same lease with all ownership by lessors and lessees being identical.
4. Texaco Producing Inc. will be the Operator of the State "P" No. 13, through its authorized agent, Texaco Inc., and is duly authorized to represent the interests of all owners of leasehold interest in said well.
5. A copy of this Application has been sent by U.S. Postal Service, Certified Mail-Return Receipt Requested, to all offset Owners, said Owners being listed below:

Chevron USA, Inc.
Box 1150
Midland, Texas 79701

Coates Energy Trust
Box 171717
San Antonio, Texas 78217

Conoco Inc.
P. O. Box 460
Hobbs, New Mexico 88240

Hondo Oil & Gas Company
P. O. Box 2208
Roswell, New Mexico 88201

Osborn Heirs Company
P. O. Box 17968
San Antonio, Texas 78286

Yours very truly,



W. B. Cade
District Operations Manager

LDR/FSH:JRB

cc: NMOCD - Hobbs

P-562 874 928

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Conoco Inc	
Street and No. P O Box 460	
P.O. State and ZIP Code Hobbs, N.M. 88240	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

U.S.G.P.O. 153-506 PS Form 3800, June 1985

P-562 874 927

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Coates Energy Trust	
Street and No. Box 171717	
P.O. State and ZIP Code San Antonio, Texas 78217	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

U.S.G.P.O. 153-506 PS Form 3800, June 1985

P-562 874 926

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Chevron USA Inc	
Street and No. Box 1150	
P.O. State and ZIP Code Midland, Texas 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

U.S.G.P.O. 153-506 PS Form 3800, June 1985

P-562 874 929

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Hondo Oil & Gas Co.	
Street and No. P O Box 2208	
P.O. State and ZIP Code Roswell, N.M. 88201	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

U.S.G.P.O. 153-506 PS Form 3800, June 1985

P-562 874 930

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Osborn Heirs Co	
Street and No. Box 17968	
P.O. State and ZIP Code San Antonio, Texas 78286	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

U.S.G.P.O. 153-506 PS Form 3800, June 1985