

November 21, 1988

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

ATTENTION: Mr. Michael E. Stogner, Engineer  
RE: Application for Unorthodox Well Location  
SE/4, Section 21, T16SR35E  
Lea County, New Mexico

Dear Mr. Stogner,

In accordance with Rule 104(F)(II) regarding application for approval of unorthodox well locations, please be advised that Destiny Oil & Gas, Inc. seeks approval of its proposed location as indicated on the attached plat. This well will be drilled to a depth of 12,800 feet or a depth sufficient to test the Pennsylvanian System and will be a Morrow Sand test.

In accordance with said Rule 104(F)(II) should you have no objection to our proposed location, please indicate your approval of said location by your signature below. Should you not approve of said location, please indicate by written correspondence to the New Mexico Oil Conservation Division and to all interested parties listed herein.

We request that you reply within 20 days of receipt of said letter in accordance with said rule. Should you not respond within the time period specified above, your failure to respond will be interpreted as your approval of said location.

Should you wish to speak with me regarding this matter, feel free to contact me at the telephone number listed below or by written correspondence at the address indicated below. We would appreciate your prompt consideration to this matter.

Very truly yours,

DESTINY OIL & GAS, INC.

Ted W. Walters  
President

*(No other wells in Unit)*

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

\_\_\_\_\_  
Oil Conservation Division, State of  
New Mexico

By: \_\_\_\_\_  
Title: \_\_\_\_\_

TWW/bw

CC: Fina Oil & Chemical Corp.  
6 Desta Drive, Suite 4400  
Midland, Texas 79505  
Attention: P. Matheson



November 21, 1988

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

ATTENTION: Mr. Michael E. Stogner, Engineer

RE: Geologic conditions resulting in the necessity  
for the unorthodox location of 1080' FEL, 1250  
FSL, S 1/2, Sec. 21, T165R35E, Lea County, N.M.  
Destiny Oil & Gas, Inc., "SHOE BAR PROSPECT"

Dear Mr. Stogner:

GEOLOGIC ABSTRACT:

The primary objective of the Shoe Bar Prospect is the channel sand of the Lower Atokan/Morrowan series, that for simplicity of nomenclature has been called the AMOCO, State 'GH' sand (see enclosed Net Sand Porosity Isopach). In addition, the same has been colored in yellow on the enclosed cross-section AA'. The objective sand has been interpreted as a channel by the mapped depositional-pattern of the sand and by the electric-log characteristic of a general fining upward sequence of flank-channel tests and the blocky log characteristics of the tests in the thalweg of the channel. Although structure influenced the deposition of the channel sand (see enclosed T/Mississippian structure map), the trapping mechanism is stratigraphic. Lateral pinchouts of the sand, with permeability barriers within the channel itself, define the productive limits of the objective sand.

It is our opinion that a location at an orthodox location of 660 FNL or FSL, and 1980' FEL, S 1/2, Sec. 21, T165R35E would result in a dry-hole or in a sub-economic well that would encourage hydrocarbon wastage. We feel that the geology indicates that a location of 1250' FSL, 1080 FEL, S 1/2, Sec. 21 T16SR35E would effectively drain the designated proration unit and reduce the chance of hydrocarbon wastage.

Very truly yours,

DESTINY OIL & GAS INCORPORATED

A handwritten signature in black ink, appearing to read "Steven M. Jessee".

Steven M. Jessee  
Executive Vice President  
Geologist

Enc. - Maps and cross sections were sent to you earlier this month and you have verbally confirmed to me that you received said enclosures.

**Destiny Oil & Gas Incorporated 305 Ferrell Place, Suite 200, Tyler, Texas**

Tel: (214) 597-9377 MAILING ADDRESS P. O. Box 7486, Tyler, Texas 75711-7486 OFFICES Tyler and Victoria, Texas





November 21, 1988

Fina Oil & Chemical Corp.  
6 Desta Drive, Suite 4400  
Midland, Texas 79505

ATTENTION: Mr. P. Matheson

RE: Application for Unorthodox Well Location  
SE/4, Section 21, T16SR35E  
Lea County, New Mexico

Dear Mr. Matheson:

In accordance with Rule 104(F)(II) regarding application for approval of unorthodox well locations, please be advised that Destiny Oil & Gas, Inc. seeks approval of its proposed location as indicated on the attached plat. This well will be drilled to a depth of 12,800 feet or a depth sufficient to test the Pennsylvanian System and will be a Morrow Sand test.

In accordance with said Rule 104(F)(II) should you have no objection to our proposed location, please indicate your approval of said location by your signature below. Should you not approve of said location, please indicate by written correspondence to the New Mexico Oil Conservation Division and to all interested parties listed herein.

We request that you reply within 20 days of receipt of said letter in accordance with said rule. Should you not respond within the time period specified above, your failure to respond will be interpreted as your approval of said location.

Should you wish to speak with me regarding this matter, feel free to contact me at the telephone number listed below or by written correspondence at the address indicated below. We would appreciate your prompt consideration to this matter.

Very truly yours,

DESTINY OIL & GAS, INC.

A handwritten signature in black ink, appearing to read "T. Walters", is written over the typed name of Ted W. Walters.

Ted W. Walters  
President





November 10, 1988

Santa Fe Energy  
500 W. Illinois  
Suite 500  
Midland, Texas 79701

ATTENTION: Pat Tower

RE: Application for Unorthodox Well Location  
SE/4, Section 21, T16SR35E  
Lea County, New Mexico

Dear Mr. Tower:

In accordance with Rule 1207(a)2 regarding applications for approval of unorthodox well locations, please be advised that Destiny Oil & Gas, Inc. seeks approval of its proposed location as indicated on the attached plat. This well will be drilled to a depth of 12,800 feet or a depth sufficient to test the Pennsylvanian System and will be a Morrow Sand test.

In accordance with said Rule 1207(a)2, should you have no objection to our proposed location, please indicate your approval of said location by your signature below. Should you not approve of said location, please indicate by written correspondence to the New Mexico Oil Conservation Division and to all interested parties listed herein.

We request that you reply within 20 days of receipt of said letter in accordance with said rule. Should you not respond within the time period specified above, your failure to respond will be interpreted as your approval of said location.

Should you wish to speak with me regarding this matter, feel free to contact me at the telephone number listed below or by written correspondence at the address indicated below. We would appreciate your prompt consideration to this matter.

Very truly yours,

DESTINY OIL & GAS, INC.

Ted W. Walters  
President

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

\_\_\_\_\_  
Santa Fe Energy

By: \_\_\_\_\_  
Title:

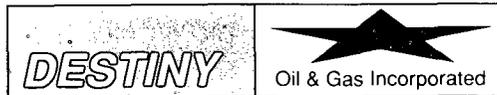
TWW/bw

CC: Yates Petroleum Corporation  
105 S. Fourth  
Artesia, N.M. 88210  
ATTENTION: Mr. Randy Patterson

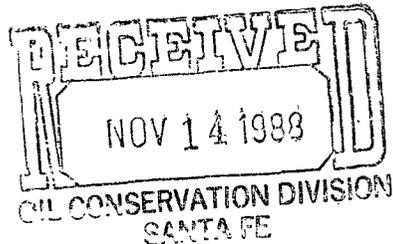
Trobaugh Properties  
4305 North Garfield  
Suite 233  
Midland, TX 79705  
ATTENTION: Ms. Georgia Trobaugh

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77253  
ATTENTION: Mr. Tim Custer

Oil Conservation Division  
Energy, Minerals and Natural Resources Department  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088  
ATTENTION: Mr. David Catanach, Engineer



November 10, 1988



Mr. David Catanach, Engineer  
Oil Conservation Division  
Energy, Minerals and Natural Resources Dept.  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

RE: Application for Unorthodox Well Location  
SE/4, Section 21, T16SR35E  
Lea County, New Mexico

Dear Mr. Catanach:

In accordance with my previous telephone conversations with you, attached hereto you will find copies of letters requesting approval of the above captioned location to the parties owning offset acreage positions.

We are also enclosing herein a structure map drawn on the top of the Mississippian, a Net Sand, Porosity Isopach, and a Cross Section of the prospect.

If you have any questions regarding any of the enclosed materials, feel free to contact me by phone or correspondence to the address captioned below.

Very truly yours,

DESTINY OIL & GAS INCORPORATED

A handwritten signature in black ink, appearing to read "Ted W. Walters".

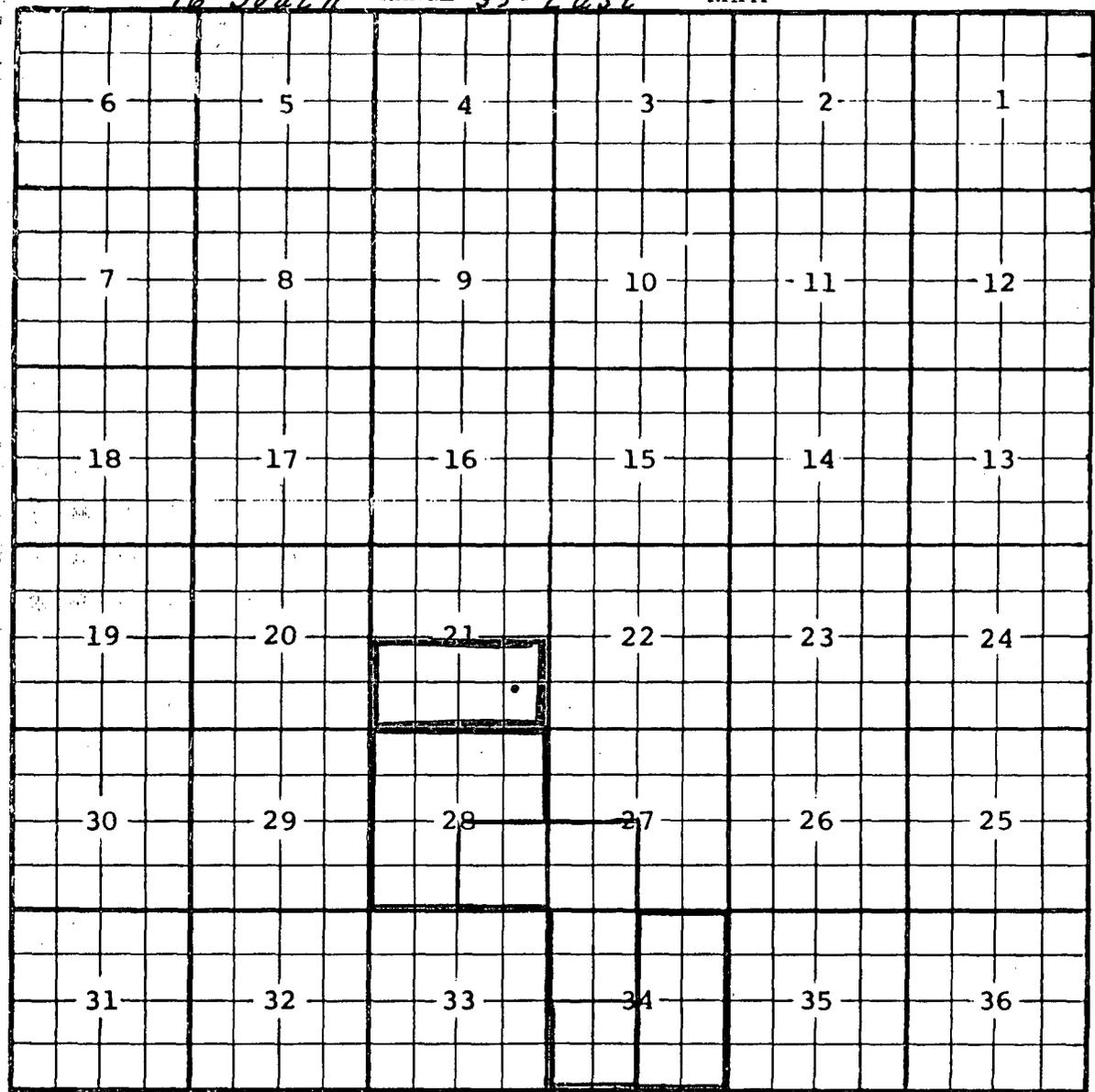
Ted W. Walters  
President

TWW/bw

Enc.

COUNTY Lee POOL Shoe Bar-Atoka Gas

TOWNSHIP 16-South RANGE 35-East NMPM



Description:  $\frac{E}{2}$  Sec. 34, (R-713, 11-10-55)  
Contract vertical limits to include Atoka formation only  
and redesignate as Shoe Bar-Atoka Gas Pool; Ext.  $\frac{SW}{4}$  Sec. 34  
(R-6033, 6-26-79)  
Ext.  $\frac{SW}{4}$  Sec. 27,  $\frac{SE}{4}$  Sec. 28,  $\frac{NW}{4}$  Sec. 34 (R-6169, 11-2-79)  
Ext.  $\frac{N}{2}$  and  $\frac{SW}{4}$  Sec. 28 (R-6476, 9-29-80)

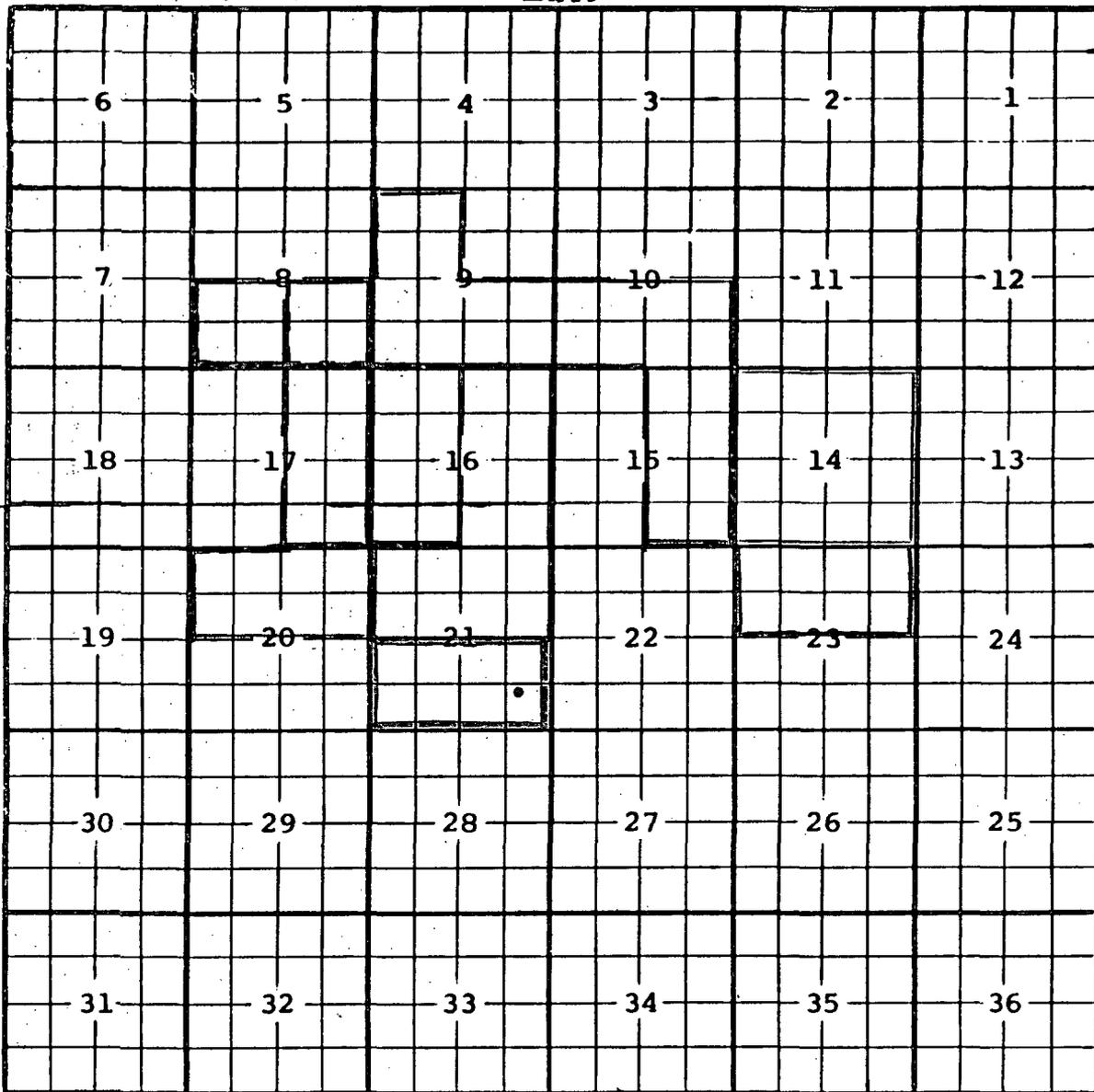
COUNTY *Lea*

POOL *Townsend-Morrow Gas*

TOWNSHIP *16 South*

RANGE *35 East*

NMPM



Description: *SE/4 Sec 8 (R-4014, 9-1-70)*

Ext: *1/4 SW Sec 8 (R-4041, 11-1-70) - 1/2 W 1/4 SE Sec 9; 1/2 Sec 10; 1/2 Sec 15 (R-4304, 6-1-72)*

*- 1/2 Sec 17 (R-4351, 8-1-72) - 1/2 Sec 16 (R-4423, 11-1-72)*

Ext: *All Sec. 14 (R-4809, 6-18-74) EXT: E 1/2 Sec 16, N 1/2 Sec 21 (R-6005, 6-1-79)*

Ext: *1/2 Sec 20 (R-6657, 4-20-81) EXT: 1/2 sec 23 (R-6876, 1-22-82)*

COUNTY *Lea*

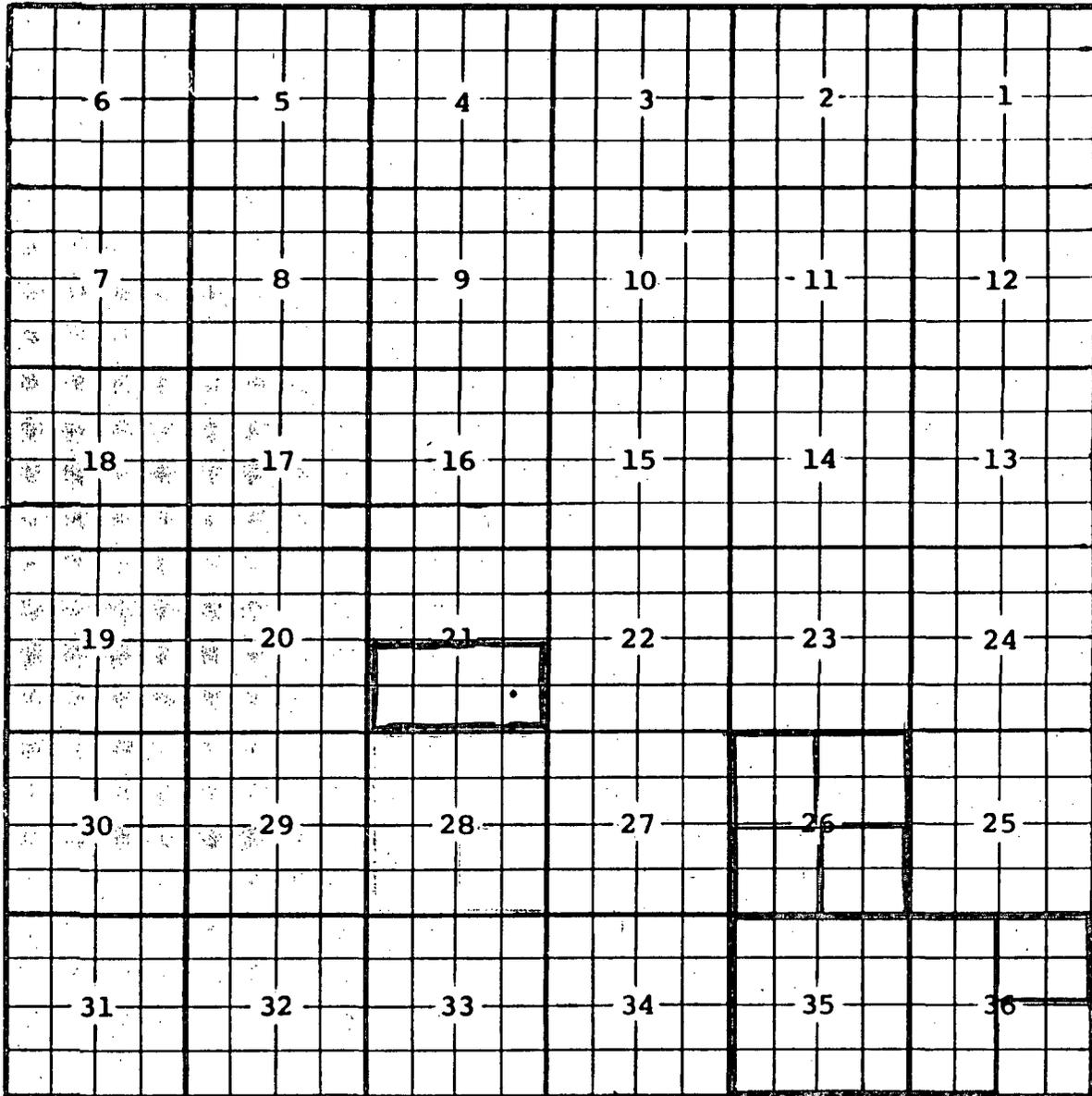
POOL *Shoe Bar - Pennsylvanian*

*Oil Pool 40 acres*

TOWNSHIP *16 South*

RANGE *35 East*

NMPM



Description: - All Sec. 35;  $\frac{W}{2}$  Sec. 36 (R-460, 5-19-54)

Ext:  $\frac{SE}{4}$  Sec. 26 (R-1441, 8-1-59) -  $\frac{SW}{4}$  Sec. 26 (R-2062, 10-1-61)

-  $\frac{NW}{4}$  Sec. 26 (R-2139, 1-1-62) -  $\frac{NE}{4}$  Sec. 26 (R-3152, 12-1-66) -  $\frac{NE}{4}$  Sec. 36 (R-3818, 9-1-69)

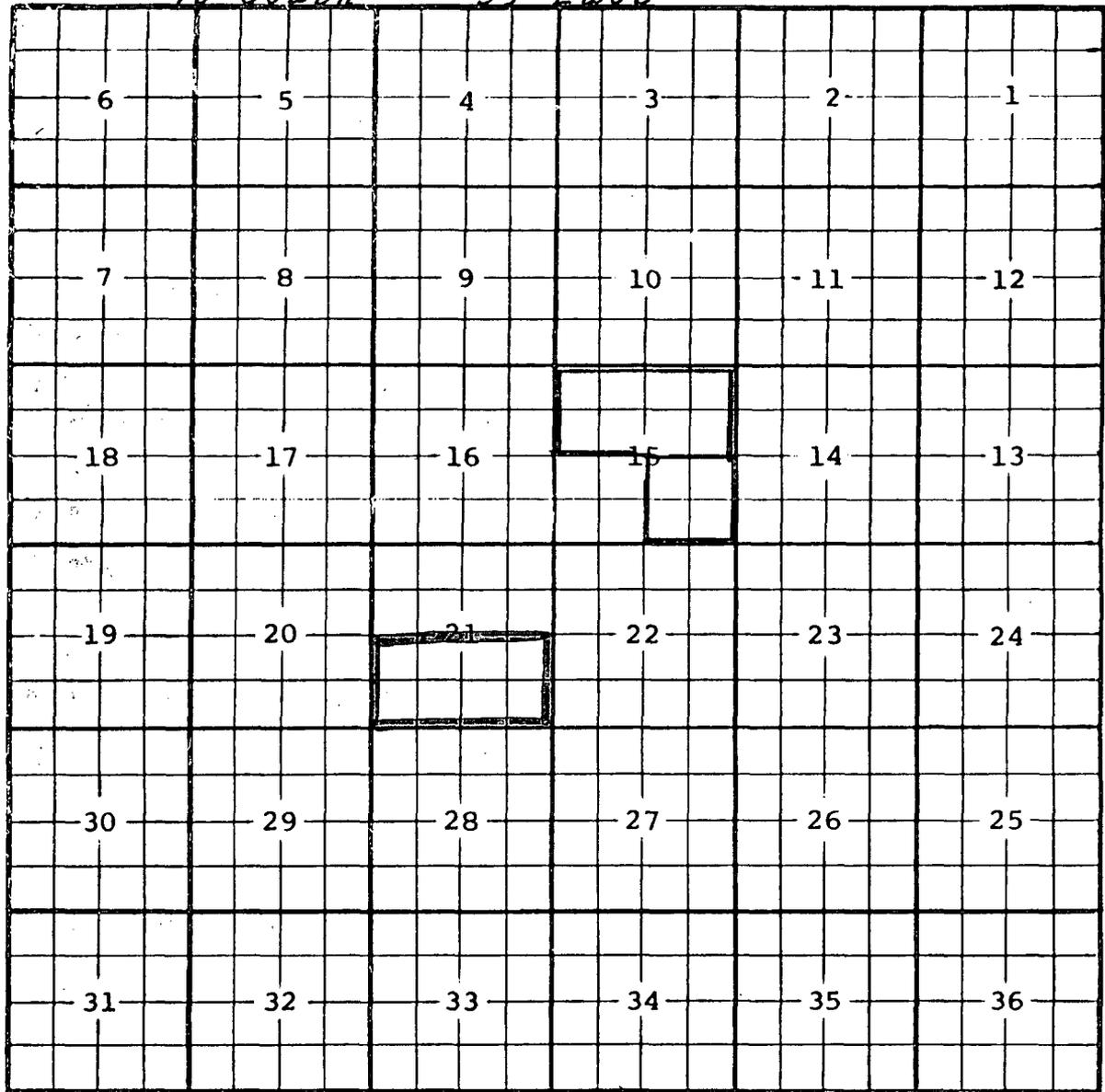
COUNTY *Lea*

POOL *North<sup>west</sup> Shoe Bar - Pennsylvania*

*Strawn oil*  
*(R-6876, 1-22-82)*

TOWNSHIP *16-South* RANGE *35-East* NMFM

*40 acres*

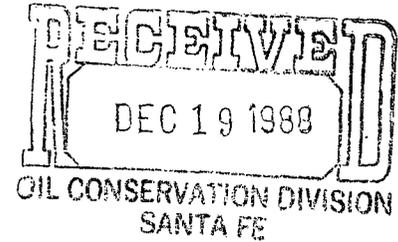


*Description: <sup>SE</sup>/<sub>4</sub> Sec. 15; (R-1283, 12-1-58)*

*Ext: <sup>N</sup>/<sub>2</sub> Sec. 15 (R-8356, 12-3-86)*



December 15, 1988



Mr. David Catanach, Engineer  
Oil Conservation Division  
Energy, Minerals & Natural Resources Dept.  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

RE:                           Application for Unorthodox Well Location  
                                  SE/4, Section 21, T16SR35E  
                                  Lea County, New Mexico

Dear Mr. Catanach:

Enclosed please find copies of approval of the above captioned application from Trobaugh Properties, Fina Oil & Chemical Company, Yates Petroleum Corporation and Mobil Exploration & Producing U.S. Inc.

I spoke with Mr. Pat Tower, Landman, Santa Fe Energy on December 14 and was given verbal approval from Santa Fe; we will forward their waiver to you as soon as we receive it.

Should you have any questions, please feel free to contact me at my office here in Tyler.

Very truly yours,

DESTINY OIL & GAS INCORPORATED

A handwritten signature in black ink, appearing to read "Ted W. Walters". The signature is written in a cursive style and is positioned above the typed name.

Ted W. Walters  
President

TWW/bw

Enclosures

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

Henry C. Ingham  
Trobaugh Properties  
By: Superintendent  
Title:

TWW/bw

CC: Santa Fe Energy  
500 W. Illinois  
Suite 500  
Midland, Texas 79701  
ATTENTION: Mr. Pat Tower

Yates Petroleum Corporation  
105 S. Fourth  
Artesia, N.M. 88210  
ATTENTION: Mr. Randy Patterson

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77253  
ATTENTION: Mr. Tim Custer

Oil Conservation Division  
Energy, Minerals and Natural Resources Department  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088  
ATTENTION: Mr. David Catanach, Engineer

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

---

FINA OIL AND CHEMICAL COMPANY

By: Thomas M. Wadsworth  
Title: Attorney-in-Fact

TWW/bw

CC: State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conversation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088  
ATTENTION: Mr. Michael E. Stogner, Engineer

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.



\_\_\_\_\_  
Yates Petroleum Corporation

By: Attorney-in-Fact

Title:

TWW/bw

CC: Santa Fe Energy  
500 W. Illinois  
Suite 500  
Midland, Texas 79701  
ATTENTION: Mr. Pat Tower

Trobaugh Properties  
4305 North Garfield  
Suite 233  
Midland, TX 79705  
ATTENTION: Ms. Georgia Trobaugh

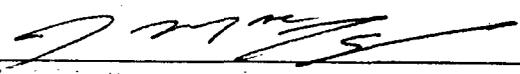
Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77253  
ATTENTION: Mr. Tim Custer

Oil Conservation Division  
Energy, Minerals and Natural Resources Department  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088  
ATTENTION: Mr. David Catanach, Engineer

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

BY: 

December 08, 1988

~~M. E. Sweeney - Env. & Reg. Manager~~

Title:

Mobil Exploration & Producing U.S. Inc.  
as Agent for

Mobil Producing Texas & New Mexico Inc.

TWW/bw

CC: Fina Oil & Chemical Corp.  
6 Desta Drive, Suite 4400  
Midland, Texas 79505  
Attention: P. Matheson

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088  
Attention: Mr. Micheal E. Stogner

