

TEXAKOMA

OIL & GAS

CORPORATION

OIL CONSERVATION DIVISION
RECEIVED

1993 JUN 1 AM 9 55

EXPLORATION AND PRODUCTION

May 27, 1993

Mr. Bill LeMay
NEW MEXICO OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Unorthodox Location Request
Section 11, T29N - R5W
Rio Arriba Co., NM

Dear Mr. LeMay:

Further to our package sent to you yesterday concerning the referenced request, enclosed please find a copy of the following:

1. Letter of Intent to drill unorthodox location sent to offset operator, Meridian Oil, Inc.,
2. Letter of Intent to drill unorthodox location sent to offset operator, Phillips Petroleum Company, along with approval from Phillips.

Also enclosed please find a copy of letter from the Bureau of Land Management approving this request. When talking with Ernie Busch in the Aztek office, he recommended we copy you on the enclosed material. By copy of this letter we are supplying Mr. Busch with the same material.

If any further information should be required, please feel free to contact George Pecorino at the number listed below.

Sincerely,


Rhonda Childress
Prod. Dept.

/roc

Enclosure(s)

ONE LINCOLN CENTRE
5400 LBJ Freeway • Suite 500 • Dallas, Texas 75240
(214) 701-9106

TEXAKOMA OIL & GAS CORPORATION

EXPLORATION AND PRODUCTION

May 14, 1993

Meridian Oil, Inc.
3535 East 30th Street
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attn: Linda Donohoe

RE: Unorthodox Location
Section 11, T29N R5W
Rio Arriba County, New Mexico

Dear Ms. Donohoe:

Texakoma Oil and Gas Corporation intends to drill a Fruitland Coal well located in the SW/4 of Section 11, T29N R5W, Rio Arriba County, New Mexico. Pursuant to the State of New Mexico Oil Conservation Division's Rule 7 under order No. R-8768 a standard unit in the Basin-Fruitland Coal gas pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 790 feet to any outer boundary of the proration unit. However, due to topographical conditions existing in the area, Texakoma will not be able to stake a legal location.

Enclosed for your review are the following plats:

1. Standard location plat showing well staked 510 feet from the West Section line and 1280 from the South Section line.
2. Plat showing the topographical conditions with the original location and the revised location.
3. Plat depicting the offsetting operators adjoining the S/2 Section 11, T29N R5W, Rio Arriba County, New Mexico.

As you can see from the attached location plats, it would be virtually impossible to construct a location for the subject well at the original site due to proximity of the canyon walls and the natural drainage occurring in this area. The revised location was staked at a point as far enough into the canyon as was practical without getting into the massive rock formations and disrupting the natural drainage.

Page 2
Meridian Oil, Inc.
May 14, 1993

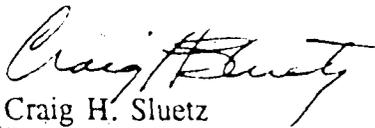
The revised location would also cause the least amount of disturbance to the surrounding environment. In addition, the Bureau of Land Management has completed an onsite inspection and tentatively concurs with the revised location.

Based on the above, Texakoma is requesting the New Mexico Oil Conservation Office grant an exception to the requirements of Rule 7 stated above. Pursuant to Rule 8 of said order an unorthodox location can be granted if necessitated due to topographical conditions. Rule 8 requires that all offset operators or owners of undrilled tracts offsetting the proposed location be notified of the application by registered or certified mail, and that the application shall state that such notice has been forwarded. Texakoma requests Meridian Oil, Inc.'s written waiver of Rule 7 under order No. R-8768 and approval of the unorthodox location.

If you should have any questions or need any further information please advise.

Thank you for your cooperation and assistance in this matter.

Sincerely,



Craig H. Sluetz
Manager of Trades and Acquisitions

MERIDIAN OIL, INC. agrees to the unorthodox location as stated herein and waives Rule No. 7 under Order No. R-8768.

MERIDIAN OIL, INC.

By: _____

Date: _____

RIO ARRISA

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 or 2 for additional services.
- Complete items 3, 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
MERIDIAN OIL, INC.
3535 EAST 30TH STREET
P.O. BOX 4289
FARMINGTON, NM 87499-4289
ATTN: LINDA DONOHUE

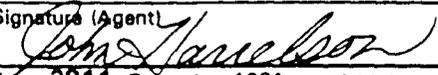
4a. Article Number
P 088 602 912

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
5-17-93 RB

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)


Thank you for using Return Receipt Service.

Districts to be Appointed
 State Lease - 4 copies
 Fee Lease - 3 copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1987, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

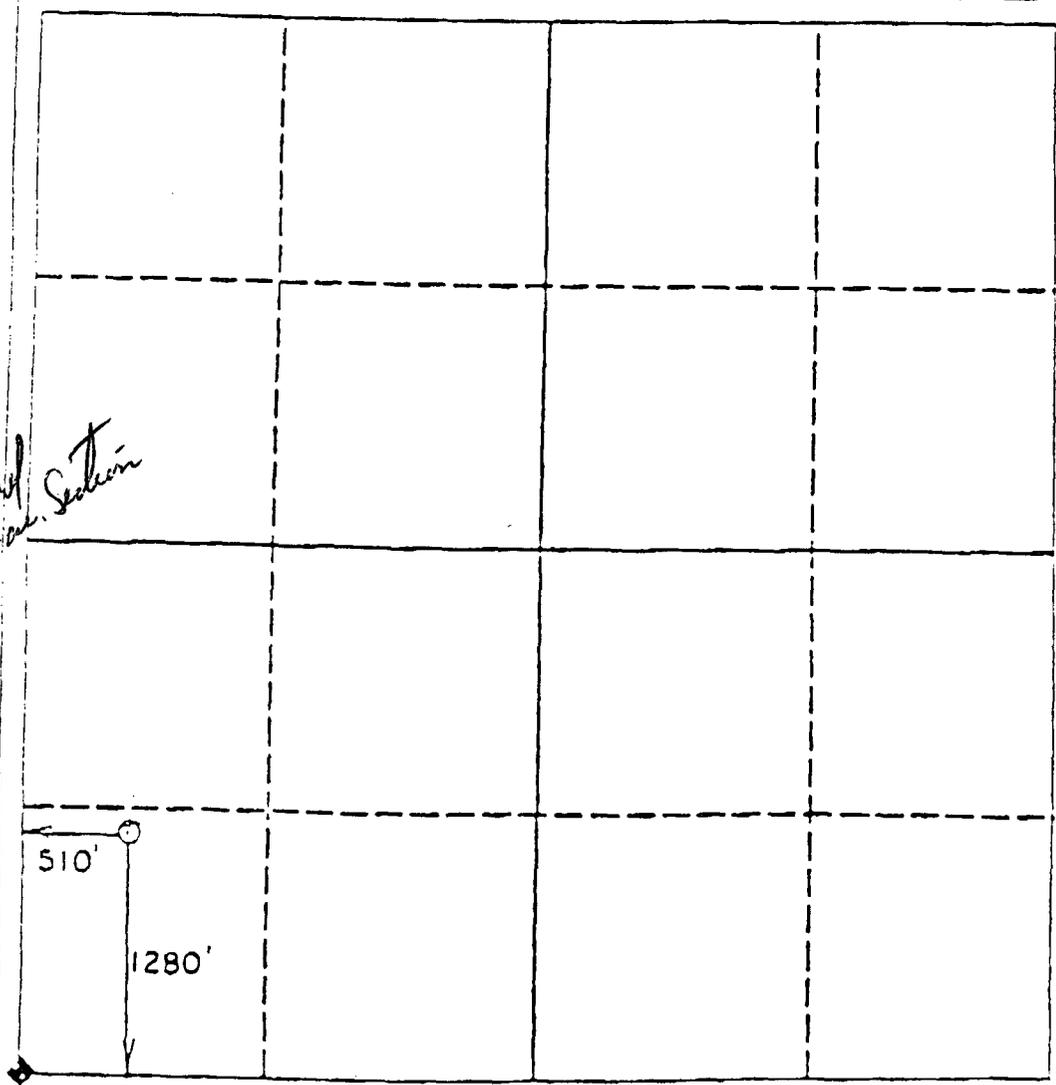
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator TEXAKOMA O & G CORP.		Lease Texakoma-Rio Arriba		Well No. # 1
Unit Letter M	Section 11	Township 29 N.	Range 5 W.	County Rio Arriba
Actual Footage Location of Well: 1280 feet from the South line and 510 feet from the West line				
Ground level Elev. 6446'	Producing Formation	Pool Fruitland Coal (Gas)	Dedicated Acreage: Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest 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, encompassing such interest, has been approved by the Division.

*Standard
640 - sec. Section*



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

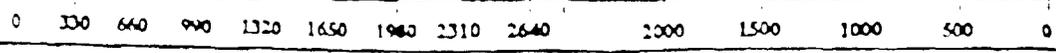
Signature _____
 Printed Name _____
 Position _____
 Company _____
 Date _____

SURVEYOR CERTIFICATION:
 I hereby certify that the well location on this plat was plotted from field actual surveys made by me or my supervision, and that the same is correct to the best of my knowledge and belief.

Date Surveyed _____

Signature & Seal of Professional Surveyor

 Certificate No. _____



TEXAKOMA OIL & GAS CORPORATION

OIL CONSERVATION DIVISION
RECEIVED

'93 JUN 1 AM 9 43

EXPLORATION AND PRODUCTION

May 26, 1993

Mr. Bill LeMay
NEW MEXICO OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Unorthodox Location Request
Section 11, T29N - R5W
Rio Arriba Co., NM

Dear Mr. LeMay:

Enclosed please find a copy of the package prepared requesting an unorthodox location in section 11, T29N - R5W, Rio Arriba County, NM. The well name will be the Texakoma-Rio Arriba #1.

This package was sent via federal express to Mr. Frank Chavez in the Aztec office on 5/13/93. It was delivered around 11:00 am on 5/14/93.

If you find you need additional information, or if any questions should arise please feel free to contact George Pecorino at our office at the number listed below.

Sincerely,



Rhonda Childress
Prod. Dept.

/roc

Enclosure

TEXAKOMA

OIL & GAS CORPORATION

EXPLORATION AND PRODUCTION

May 10, 1993

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

Attn: Mr. Frank Chavez

Re: Unorthodox Location
Sec. 11, T29N, R5W
Rio Arriba Co., N.M.

Dear Sir:

Texakoma Oil & Gas Corp. requests that the Division Director grant an exception to the requirements of Rule (7), Order No. R-8768, Special Pool Rules. Under Rule (8) of said order an unorthodox location can be granted if necessitated by topographical conditions.

Enclosed you will find a standard location plat of the well as staked. Also enclosed is a plat showing the original location stake, the revised location stake and the topographical conditions existing at both locations. As you can see it would be virtually impossible to construct a location for the drilling of subject well at the original site due to the proximity of the canyon walls and the natural drainage occurring in this area. A revised location was staked at a point as far into the canyon as was practical without getting into the massive rock formations and interfering with the drainage. This location will cause less impact to the immediate area. A legal location can be spotted on top of the mesa with access being through Carson National Forest, however in talking to Mr. Jim Pinsfield with the USDA-Forest Service at the Jicapilla Ranger Station, he said that the old road servicing this area has long since been condemned and its repair would probably be cost prohibitive. Approximately 2.0 miles of road would need to be reconstructed if allowed by the USDA.

A plat indicating ownership of the surrounding leases is also included and all offset owners have been notified by certified mail of this application.

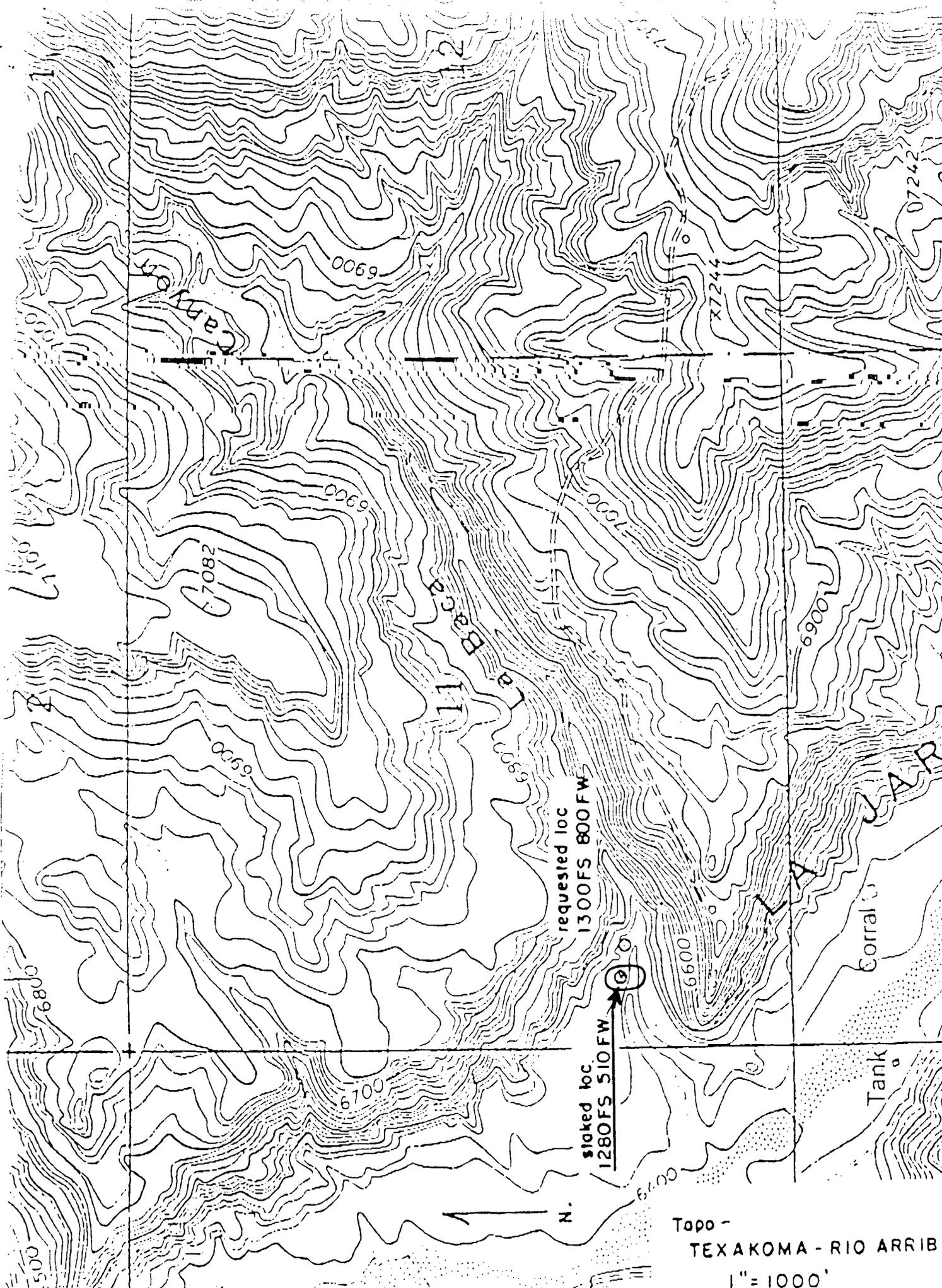
Should someone from your office desire to make an onsite inspection please let me know so that we may have our representative accompany them to the location. Should any additional information be needed please contact me at 214-701-9106.

Sincerely,



E.M. Pecorino
Drilling Engineer

Enclosures



staked loc
1280FS 510FW

requested loc
1300FS 800FW

Topo -
TEXAKOMA - RIO ARRIBA
1" = 1000'

J Bar Cane, Inc.

16 Spring Court Sandia Park, New Mexico 87047 Telephone (505) 281-8186 FAX 281-8196

February 15, 1993

Texakoma Oil & Gas Company
One Lincoln Centre
5400 LBJ Freeway, Suite 500
Dallas, Texas 75240

Attn: Craig H. Sluetz, CPL

Re: Phillips Farmout Area
Sections: 1,2,3,10,11,12,13,14,15,
22,23 & 24
Township 29 North, Range 5 West
Sections: 6,7,18 & 19
Township 29 North, Range 4 West
Rio Arriba County, New Mexico

Dear Mr. Sluetz,

As per your request, we have done a cursory ownership check covering the above referenced area as it pertains to State and Federal Lands only. Please see the attached plat for an over view of our findings. A more detailed description of these leases is as follows:

1. Lease: State Lease E-289
Dated: ?
Lessee of Record: Phillips Petroleum Company 100%
P. O. Box 7500
Bartlesville, OK 74005-7500
Lands Covered: Township 29 North, Range 5 West
Section 2: All less and except the
NE/4 SE/4
Royalty: 12.5%

2. Lease: Federal Lease NM 23048
Dated: 12-27-74
Lessee of Record: Dugan Production Corporation 100%
Box 420
Farmington, New Mexico 87499
Lands Covered: Township 29 North, Range 5 West
Section 3: S/2
Royalty: 12.5% Schedule B

3. Lease: Federal Lease NM 23047
Dated: 12-27-74
Lessee of Record: Dugan Production Corporation 100%
Box 420
Farmington, New Mexico 87499
Lands Covered: Township 29 North, Range 5 West
Section 3: N/2
Royalty: 12.5% Schedule B
4. Lease: Federal Lease NM 078642
Dated: 5-1-48
Lessee of Record: Phillips Petroleum Company 100%
P. O. Box 7500
Bartlesville, OK 74005-7500
Lands Covered: Township 29 North, Range 5 West
Section 10: NE/4, Among other lands not
covered by this report.
Royalty: 12.5%
Operating Rights: From the surface to the base of the Mesa Verde, less
the Fruitland Coal Formation:
Williams Production Company 18%
Phillips Petroleum Company 82%
Fruitland Coal Formation:
Williams Production Company 18%
Phillips-San Juan Partners 82%
Below the base of the Mesa Verde:
Phillips Petroleum Company 100%
5. Lease: Federal Lease NM 0588140
Dated: 11-3-65
Lessee of Record: Southland Royalty Co. 100%
801 Cherry Street
Fort Worth, TX 76102
Lands Covered: Township 29 North, Range 5 West
Section 10: NW/4, S/2
Section 15: W/2 NE/4, SE/4 NE/4
Royalty: 12.5%
6. Lease: Federal Lease SF 080069
Dated: 11-3-65
Lessee of Record: El Paso Production Co. 100%
3535 E 30th Street
Farmington, NM 87499
Lands Covered: Township 29 North, Range 5 West
Section 15: S/2
Section 22: N/2 NE/4, SE/4 NE/4, among other
lands not covered by this report.

	Royalty:	12.5%	
	Operating Rights:	From the surface to the base of the Mesa Verde, less the Fruitland Coal Formation:	
		Williams Production Company	18%
		Phillips Petroleum Company	82%
		Fruitland Coal Formation:	
		Williams Production Company	18%
		Phillips-San Juan Partners	82%
		Below the base of the Mesa Verde:	
		Phillips Petroleum Company	100%
7.	Lease:	Federal Lease SF 078736	
	Dated:	4-30-48	
	Lessee of Record:	Phillips Petroleum Company	100%
		P. O. Box 7500	
		Bartlesville, OK 74005-7500	
	Lands Covered:	Township 29 North, Range 5 West	
		Section 11: All	
		Section 12: All	Section 15: NE1/4 NE1/4
		Section 13: All	
		Section 14: NE/4, SW/4 NW/4, W/2 SW/4	
		SE/4SW/4, E/2SE/4	
	Royalty:	12.5%	
	Operating Rights:	From the surface to the base of the Mesa Verde, less the Fruitland Coal Formation:	
		Williams Production Company	18%
		Phillips Petroleum Company	82%
		Fruitland Coal Formation:	
		Williams Production Company	18%
		Phillips-San Juan Partners	82%
		Below the base of the Mesa Verde:	
		Phillips Petroleum Company	100%
8.	Lease:	Federal Lease NM 80162	
	Dated:	5-1-48	
	Lessee of Record:	El Paso Production Co.	100%
		3535 E 30th Street	
		Farmington, NM 87499	
	Lands Covered:	Township 29 North, Range 5 West	
		Section 23: W/2	
	Royalty:	12.5%	
9.	Lease:	Federal Lease SF 079033	
	Dated:	5-1-48	
	Lessee of Record:	Benson-Montin-Greer	50%
		221 Petroleum Building	
		Farmington, NM 87401	
		Grand Valley Gas Co.	50%
		47 W 200 Street #600	
		Salt Lake City, Utah 84101	
	Lands Covered:	Township 29 North, Range 5 West	

Range 5 West

Range 4 West

<p>3 Federal Lse NM 23047 Dugan Production Corp. 100%</p>		<p>2 State Lease E-289 Phillips Petroleum Co. 100%</p>		<p>1 Federal Lse NM 2991 Southland Royalty Co. 100%</p>		<p>6 Federal Lse SF 79756A Amoco Prod. Co. 100%</p>		<p>Federal Lse SF 079756 Williams Prod. Co. 100% LOR Amoco Prod. Co. 100% Op. Rts.</p>	
<p>Federal Lse NM 23048 Dugan Production Corp. 100%</p>		<p>State Lands OPEN</p>							
<p>10 Federal Lse SF 078642 Phillips Pet Co. 100%</p>		<p>11 Federal Lse SF 078736 Phillips Petroleum Co. 100% LOR Op. Rts. 0-Base Mesa Verd Phillips Pet Co. 82% Williams Prod. Co. 18% Below Base Mesa Verde Phillips Pet Co. 100%</p>		<p>12 Federal Lse SF 078736 Phillips Petroleum Co. 100% LOR Op. Rts. 0-Base Mesa Verd Phillips Pet Co. 82% Williams Prod. Co. 18% Below Base Mesa Verde Phillips Pet Co. 100%</p>		<p>7 Federal Lease SF 079757A Amoco Production Co. 100%</p>			
<p>Federal Lse NM 0558140 Southland Royalty Co. 100%</p>									
<p>Fee</p>		<p>15 Fee</p>		<p>14 Federal Lse SF 078736 Phillips Pet. Co. 100% LOR</p>		<p>13 Federal Lse SF 078736 Phillips Petroleum Co. 100% LOR Op. Rts. 0-Base Mesa Verd Phillips Pet Co. 82% Williams Prod. Co. 18% Below Base Mesa Verde Phillips Pet Co. 100%</p>		<p>18 Federal Lse SF 079758 Williams Production Co. 100%</p>	
<p>Federal Lse SF 080069 ElPaso Prod. Co LOR 100% Op Rts 0 - Base Mesa Verde Phillips Pet 82%. Williams Prod Co 18%. Below Base Mesa Verde Phillips 100%</p>		<p>Fee</p>		<p>Fee</p>					
<p>Fee</p>		<p>Federal Lse SF 080069 ElPaso</p>		<p>Federal Lse SF 078736 Phillips Pet</p>					
<p>22 Federal Lse SF 080069 ElPaso</p>		<p>Federal Lse NM 80162 ElPaso Prod Co. 100%</p>		<p>23 Fee</p>		<p>24 Federal Lse NM 4452 Southland Royalty Co. 100% LOR OP. Rts. 0-5,912' Shaik Developement 70% John E. Rouse Tr. 30% Below 5,912' Southland Roy. Co. 100%</p>		<p>19 Federal Lse NM 18318 Robert L. Bayless 100%</p>	
<p>Fee</p>		<p>Fee</p>		<p>Federal Lse SF 079033 Benson-Mont in-Greer & Grand Valley Gas 50% each OP Rts 0- Base Mesa Verde ElPaso 100%</p>				<p>Federal Lse SF 079893A El Paso Production Co. 100%</p>	
<p>Federal Lse SF 079944 ElPaso Prod</p>									

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Range 5 West

Range 4 West

TEXAKOMA
Oil & Gas Corporation
One Lincoln Centre
5400 LBJ Freeway
Suite 500
Dallas, Texas 75240

Phillips Petroleum Farmout Acreage Area
Township 29 North Ranges 4 & 5 West
Rio Arriba County, New Mexico

**TEXAKOMA
OIL & GAS
CORPORATION**

OIL CONSERVATION DIVISION
RECEIVED

'93 JUN 15 AM 9 03

EXPLORATION AND PRODUCTION

June 9, 1993

NSL-3256

Mr. Mike Stogner
NEW MEXICO OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Texakoma-Rio Arriba
Well #1
Sec. 11, T29N - R5W
Rio Arriba County, NM

Dear Mr. Stogner:

As a follow up to our fax dated 06/07/93, enclosed please find a copy of the surveying plat on the referenced well. This plat has been updated to show the dedicated acreage for this unit.

Very truly yours,



Rhonda Childress
Prod. Dept.

/roc

Enclosure

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

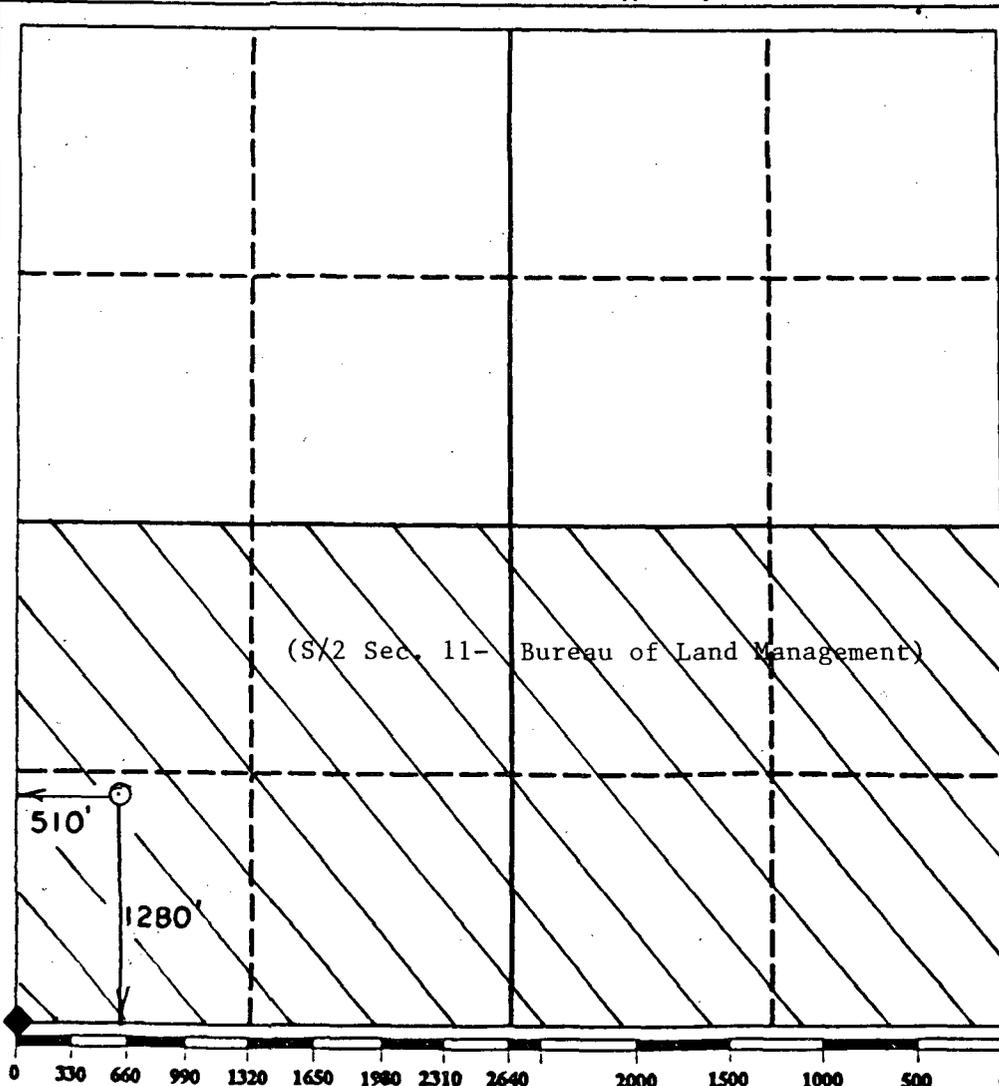
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator TEXAKOMA O & G CORP.		Lease Texakoma-Rio Arriba		Well No. # 1
Unit Letter M	Section 11	Township 29 N.	Range 5 W.	County Rio Arriba
Actual Footage Location of Well: 1280 feet from the South line and 510 feet from the West line				
Ground level Elev. 6446'	Producing Formation FRUITLAND COAL	Pool	Dedicated Acreage: 320 Acres	

- 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 interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? **N/A**
 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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature _____

Printed Name
Lisa L. Smith

Position
Consultant for

Company
Texakoma Oil & Gas Corp.

Date
6-7-93

SURVEYOR CERTIFICATION

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

Date Surveyed _____

Signature & Seal of Professional Surveyor

Certificate No. _____

**TEXAKOMA
OIL & GAS
CORPORATION**

OIL CONSERVATION DIVISION
RECEIVED

'93 JUN 15 AM 9 00

NSL-3256

EXPLORATION AND PRODUCTION

June 11, 1993

Mr. Mike Stogner
NEW MEXICO OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Texakoma-Rio Arriba
Well #1
Sec. 11, T29N - R5W
Rio Arriba County, NM

Dear Mr. Stogner:

As a follow up to our fax dated 06/11/93, enclosed please find a copy of Meridian Oil Company's consent to our unorthodox location request letter dated 05/14/93.

Very truly yours,



Rhonda Childress
Prod. Dept.

/roc

Enclosure

TEXAKOMA OIL & GAS CORPORATION

EXPLORATION AND PRODUCTION

May 14, 1993

Meridian Oil, Inc.
3535 East 30th Street
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attn: Linda Donohoe

RE: Unorthodox Location
Section 11, T29N R5W
Rio Arriba County, New Mexico

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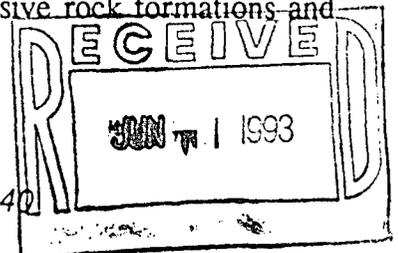
Texakoma Oil and Gas Corporation intends to drill a Fruitland Coal well located in the SW/4 of Section 11, T29N R5W, Rio Arriba County, New Mexico. Pursuant to the State of New Mexico Oil Conservation Division's Rule 7 under order No. R-8768 a standard unit in the Basin-Fruitland Coal gas pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 790 feet to any outer boundary of the proration unit. However, due to topographical conditions existing in the area, Texakoma will not be able to stake a legal location.

Enclosed for your review are the following plats:

1. Standard location plat showing well staked 510 feet from the West Section line and 1280 from the South Section line.
2. Plat showing the topographical conditions with the original location and the revised location.
3. Plat depicting the offsetting operators adjoining the S/2 Section 11, T29N R5W, Rio Arriba County, New Mexico.

As you can see from the attached location plats, it would be virtually impossible to construct a location for the subject well at the original site due to proximity of the canyon walls and the natural drainage occurring in this area. The revised location was staked at a point as far enough into the canyon as was practical without getting into the massive rock formations and disrupting the natural drainage.

ONE LINCOLN CENTRE
5400 LBJ Freeway • Suite 500 • Dallas, Texas 75240
(214) 701-9106



Page 2

Meridian Oil, Inc.

May 14, 1993

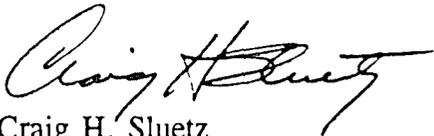
The revised location would also cause the least amount of disturbance to the surrounding environment. In addition, the Bureau of Land Management has completed an onsite inspection and tentatively concurs with the revised location.

Based on the above, Texakoma is requesting the New Mexico Oil Conservation Office grant an exception to the requirements of Rule 7 stated above. Pursuant to Rule 8 of said order an unorthodox location can be granted if necessitated due to topographical conditions. Rule 8 requires that all offset operators or owners of undrilled tracts offsetting the proposed location be notified of the application by registered or certified mail, and that the application shall state that such notice has been forwarded. Texakoma requests Meridian Oil, Inc.'s written waiver of Rule 7 under order No. R-8768 and approval of the unorthodox location.

If you should have any questions or need any further information please advise.

Thank you for your cooperation and assistance in this matter.

Sincerely,



Craig H. Sluetz

Manager of Trades and Acquisitions

MERIDIAN OIL, INC. agrees to the unorthodox location as stated herein and waives Rule No. 7 under Order No. R-8768.

MERIDIAN OIL, INC.

SOUTHLAND ROYALTY COMPANY

By: 

Date: 

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

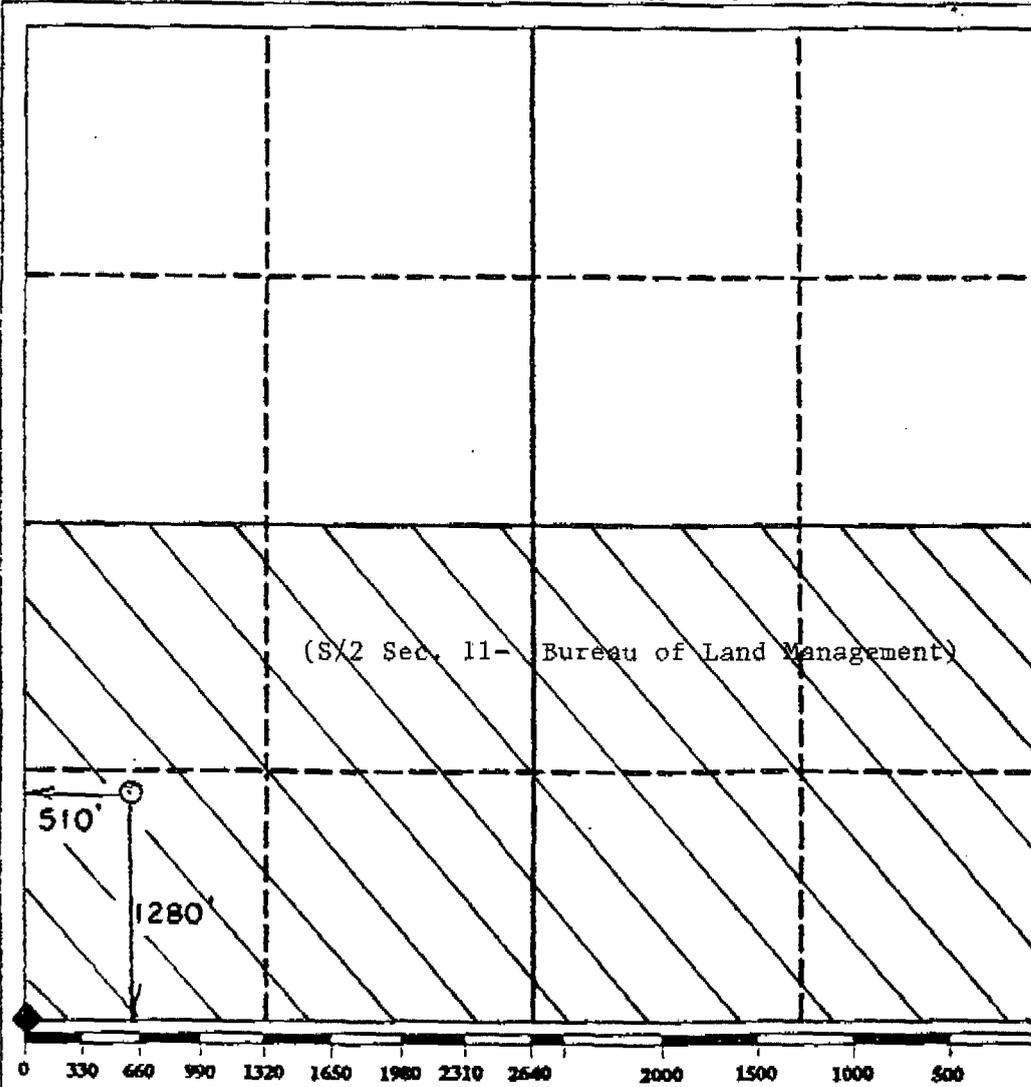
DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator: TEXAKOMA O & G CORP. Lease: Texakoma-Rio Arriba Well No: # 1 Unit Letter: H Section: 11 Township: 29 N. Range: 5 W. County: RIO ARRIBA NMPM Actual Footage Location of Well: 1280 feet from the South line and 510 feet from the West line Ground level Elev.: 6446' Producing Formation: FRUITLAND COAL Pool: Dedicated Acreage: 320 Acres

- 1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? N/A [] Yes [X] 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 interest, has been approved by the Division.



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

Signature: Printed Name: Lisa L. Smith Position: Consultant for Company: Texakoma Oil & Gas Corp. Date: 6-7-93

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

Date Surveyed: Signature & Seal of Professional Surveyor: Certificate No. 68 (Seal of the State of New Mexico Registered Professional Surveyors)

NSL-3256

DATE: 6/11/93
 TO: NMOC/D/Santa Fe
 ATTN: Mike Stogner
 FAX: 505/827-5741

FROM: **Texakoma Oil & Gas Corporation**
ONE LINCOLN CENTRE
5400 LBJ Freeway, Suite 500
Dallas, Texas 75240
214/701-9106 (OFC)
214/701-0321 (FAX)

GEORGE PECORINO

NO OF PAGES INCLUDING THIS ONE: 3

COMMENTS: attached pls. find
Mexidian's consent for our Unorthodox
Loc. Request in Sec. 11, Rio Arriba
Co, NM.

A copy along w/cover Ltr
will follow in regular mail.

Thanks
GM Pecorino/roc

P.02 53 12:47 UN-11-93 FRI

TEXAKOMA OIL & GAS CORPORATION

EXPLORATION AND PRODUCTION

May 14, 1993

Meridian Oil, Inc.
3535 East 30th Street
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attn: Linda Donohoe

RE: Unorthodox Location
Section 11, T29N R5W
Rio Arriba County, New Mexico

Dear Ms. Donohoe:

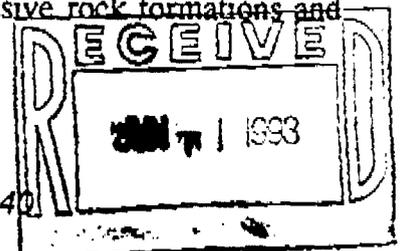
Texakoma Oil and Gas Corporation intends to drill a Fruitland Coal well located in the SW/4 of Section 11, T29N R5W, Rio Arriba County, New Mexico. Pursuant to the State of New Mexico Oil Conservation Division's Rule 7 under order No. R-8768 a standard unit in the Basin-Fruitland Coal gas pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 790 feet to any outer boundary of the proration unit. However, due to topographical conditions existing in the area, Texakoma will not be able to stake a legal location.

Enclosed for your review are the following plats:

1. Standard location plat showing well staked 510 feet from the West Section line and 1280 from the South Section line.
2. Plat showing the topographical conditions with the original location and the revised location.
3. Plat depicting the offsetting operators adjoining the S/2 Section 11, T29N R5W, Rio Arriba County, New Mexico.

As you can see from the attached location plats, it would be virtually impossible to construct a location for the subject well at the original site due to proximity of the canyon walls and the natural drainage occurring in this area. The revised location was staked at a point as far enough into the canyon as was practical without getting into the massive rock formations and disrupting the natural drainage.

ONE LINCOLN CENTRE
5400 LBJ Freeway • Suite 500 • Dallas, Texas 75240
(214) 701-9106



Page 2
Meridian Oil, Inc.
May 14, 1993

The revised location would also cause the least amount of disturbance to the surrounding environment. In addition, the Bureau of Land Management has completed an onsite inspection and tentatively concurs with the revised location.

Based on the above, Texakoma is requesting the New Mexico Oil Conservation Office grant an exception to the requirements of Rule 7 stated above. Pursuant to Rule 8 of said order an unorthodox location can be granted if necessitated due to topographical conditions. Rule 8 requires that all offset operators or owners of undrilled tracts offsetting the proposed location be notified of the application by registered or certified mail, and that the application shall state that such notice has been forwarded. Texakoma requests Meridian Oil, Inc.'s written waiver of Rule 7 under order No. R-8768 and approval of the unorthodox location.

If you should have any questions or need any further information please advise.

Thank you for your cooperation and assistance in this matter.

Sincerely,



Craig H. Sluetz
Manager of Trades and Acquisitions

MERIDIAN OIL, INC. agrees to the unorthodox location as stated herein and waives Rule No. 7 under Order No. R-8768.

MERIDIAN OIL, INC.

SOUTHLAND ROYALTY COMPANY

By: Linda Donohue

Date: June 7, 1993



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office

1235 La Plata Highway

Farmington, New Mexico 87401

TAKE
PRIDE IN
AMERICA

IN REPLY REFER TO:

3162.3-1 (070)
NM03601 (WC)

MAY 24 1993

RECEIVED

MAY 27 1993

Texahoma Oil and Gas Corporation
Attention: George Pecorino
5400 LBJ Freeway, Suite 500
Dallas, TX 75240

Dear George:

This letter is a written follow-up to our conversations regarding the location of your well Texahoma Rio Arriba No. 1, lease no. SF-078736, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$, Sec. 11, T. 29 N., R. 5 W. After working together to find a suitable location within the window established by the New Mexico Oil Conservation Commission, we suggest you submit an application for a non-standard location. A suitable location and access was not found because of topographical constraints, watershed problems, and possible spotted owl habitat. The pad would have been located in a narrow drainage which is not big enough to accommodate a 250' x 250' well pad without blocking the entire drainage. From our work with your contractors, a location 285 feet west of the window would be most suitable.

In the past we have discussed that non-standard locations would probably be proposed more frequently as the more desirable locations are developed. It is our desire to find the best possible locations for new wells and access roads being proposed with minimal environmental impacts. Therefore, we will be glad to support your non-standard proposal for the Texahoma Rio Arriba No. 1 to the NMOCC.

If there is any further way in which we can be of assistance, please contact me or Bill Liess of my Fluid Surface Management Staff at (505) 327-5344.

Sincerely,

Ilyse K. Gold
Chief, Branch of Lands, Cultural,
Recreation and Environmental Compliance

cc:

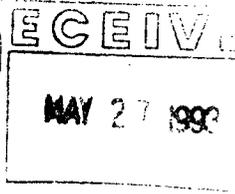
Meridian Oil, P.O. Box 4289, Farmington, NM 87499

Phillips Petroleum Co., 5525 Highway 64 NBU 3004, Farmington, NM 87401



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004



May 24, 1993

Texakoma Oil & Gas Corporation
One Lincoln Centre
5400 LBJ Freeway, Suite 500
Dallas, Texas 75240

Attn: Craig H. Sluetz
Manager of Trades and Acquisitions

Re: Unorthodox Location
Section 11, T29N, R5W
Rio Arriba County, New Mexico

Dear Mr. Sluetz:

Enclosed is Texakoma's letter of May 14, 1993 fully executed by R. G. Flesher, Attorney-in-Fact for Phillips Petroleum Company.

By execution of this letter Phillips agrees to waive Rule 7 under Order No. R-8768 and approves of the unorthodox location.

Should you require anything further, please advise.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

Kathy Burleson
Land Aide
Farmington Area

TEXAKOMA

OIL & GAS

CORPORATION

EXPLORATION AND PRODUCTION

May 14, 1993

Phillips Petroleum Company
5525 Highway 64 NBU 3004
Farmington, New Mexico 87401
Attn: Jay Kieke

RE: Unorthodox Location
Section 11, T29N R5W
Rio Arriba County, New Mexico

Dear Mr. Kieke:

Texakoma Oil and Gas Corporation intends to drill a Fruitland Coal well located in the SW/4 of Section 11, T29N R5W, Rio Arriba County, New Mexico. Pursuant to the State of New Mexico Oil Conservation Division's Rule 7 under order No. R-8768 a standard unit in the Basin-Fruitland Coal gas pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 790 feet to any outer boundary of the proration unit. However, due to topographical conditions existing in the area, Texakoma will not be able to stake a legal location.

Enclosed for your review are the following plats:

1. Standard location plat showing well staked 510 feet from the West Section line and 1280 from the South Section line.
2. Plat showing the topographical conditions with the original location and the revised location.
3. Plat depicting the offsetting operators adjoining the S/2 Section 11, T29N R5W, Rio Arriba County, New Mexico.

As you can see from the attached location plats, it would be virtually impossible to construct a location for the subject well at the original site due to proximity of the canyon walls and the natural drainage occurring in this area. The revised location was staked at a point as far enough into the canyon as was practical without getting into the massive rock formations and disrupting the natural drainage.

Page 2
Phillips Petroleum Company
May 14, 1993

The revised location would also cause the least amount of disturbance to the surrounding environment. In addition, the Bureau of Land Management has completed an onsite inspection and tentatively concurs with the revised location.

Based on the above, Texakoma is requesting the New Mexico Oil Conservation Office grant an exception to the requirements of Rule 7 stated above. Pursuant to Rule 8 of said order an unorthodox location can be granted if necessitated due to topographical conditions. Rule 8 requires that all offset operators or owners of undrilled tracts offsetting the proposed location be notified of the application by registered or certified mail, and that the application shall state that such notice has been forwarded. Texakoma requests Phillips Petroleum Company's written waiver of Rule 7 under order No. R-8768 and approval of the unorthodox location.

If you should have any questions or need any further information please advise.

Thank you for your cooperation and assistance in this matter.

Sincerely,



Craig H. Sluetz
Manager of Trades and Acquisitions

PHILLIPS PETROLEUM COMPANY agrees to the unorthodox location as stated herein and waives Rule No. 7 under Order No. R-8768.

PHILLIPS PETROLEUM COMPANY

By: R. S. Florkin

Date: 5/20/93

Is your RETURN ADDRESS completed on the reverse side?

EUD APR 1989

SENDER:

- Complete items 1 or 2 for additional services.
- Complete items 3, 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:
 PHILLIPS PETROLEUM COMPANY
 5525 HIGHWAY 64 NBU 3004
 FARMINGTON, NM 87401

- I wish to receive the following services (for an extra fee):
- Addressee's Address
 - Restricted Delivery
- Consult postmaster for fee.

4a. Article Number
 P 088 602 911

- 4b. Service Type
- Registered
 - Certified
 - Insured
 - COD
 - Express Mail
 - Return Receipt for Merchandise

7. Date of Delivery

5-17-93

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-500 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION RECEIVED

AZTEC DISTRICT OFFICE

'93 JUN 2 AM 8 52

10000 HIAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-0170

BY CAPRUTHERS
GOVERNOR

Date: 5-29-93

Attn: Mike Fogner

Oil Conservation Division
P.O. Box 2000
Santa Fe, NM 87504-2000

Re: Proposed HC _____
Proposed DHC _____
Proposed HSL A _____
Proposed SWD _____
Proposed WFX _____
Proposed PFX _____

Gentlemen:

I have examined the application dated 5-14-93

for the TEXAKOMA OIL & GAS CORP. TEXAKOMA-RIO ARABO #1
Operator Lease & Well No.

M-11-29M-5W and my recommendations are as follows:
Unit, S-T-R

Approved

Yours truly,

Ernie Beach
