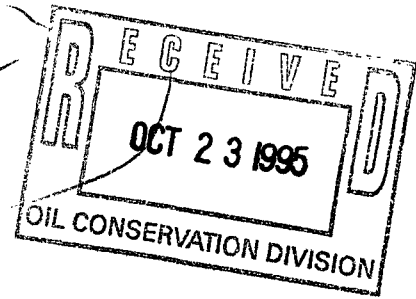




October 18, 1995

Sup. 11/13/95



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

RE: Application for Unorthodox Location
E.V. "State" #3 Well
Section 32-T22S-R26E
Eddy County, New Mexico

Gentlemen:

Louis Dreyfus Natural Gas Corp. hereby requests approval of an unorthodox drilling location for the drilling of the E.V. "State" #3 Well located 1180' FNL and 330' FEL of Section 32-T22S-R26E, Eddy County, New Mexico. This well will be drilled to the Delaware formation at a depth of 5,050 feet.

The location original proposed for this well was 800' FNL and 330' FEL of the same section but was relocated due to topographical reasons., The original location was located in an arroyo (as shown on the attached topographical map). In order to build a site large enough to drill safely, the location was moved approximately 380' to the South. Geologically, we have no other suitable location.

Also attached is a description of the lease with the State Lease number V-708, the C101, C102, aerial photo, topo map, and land plat showing ownership of offsetting leases with completed wells. Louis Dreyfus Natural Gas Corp. is the Operator of all of the offsetting wells. There are no leasehold owners. The offset mineral owners in the SW/4 SE/4 of Section 29-T22S-R26E have been notified of this application by certified mail and are as follows:

Amon G. Carter Foundation, a Texas Non-Profit Corporation
P. O. Box 1036
Fort Worth, TX 76101

Gertrude Olinger Tyson, a Widow
2104 Woodlawn
Midland, TX 79705

Jont Tyson, a married man dealing in his sole and separate property
North 8554 Jackson Road, Box 282
Ironwood, MI 49938



State of New Mexico
E.V. "State" #3 Well
Page 2

Peter B. Tyson, a married man dealing in his sole and separate property
P. O. Box 3004
Midland, TX 79702

Estate of Jane Weinert Blumberg
c/o Robert K. Blumberg
919 Capote Road
Seguin, TX 789155

Edward Austin Blumberg, Trust
1825 Schubert Place
Seguin, TX 78155

Hilmar Daniel Blumberg, separate property
203 E. Koepsel Street
Seguin, T 78155

Carla Ann Blumberg, separate property
1108 W. Seventh Street
Austin, TX 78703

Leila Bauchman Goddard, a married woman dealing in her sole and separate property
P. O. Box 231
Seguin, TX 78155

John S. Bauchman, separate property
P.O. Box 231
Seguin, Texas 78155

Republic Royalty Company, a Texas General Partnership
200 Crescent Court, Suite 1055
Dallas, TX 75201

Baytech, Inc.
P. O. Box 10158
Midland, TX 79702-7158

The Fasken Foundation
500 W. Texas, Suite 1160
Midland, TX 79701

State of New Mexico
E.V. "State" #3 Well
Page 3



Randy Geiselman
3301 Stanolind
Midland, TX 79707

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Clayton Lowe Yost
c/o Maralo, Inc.
Five Post Oak Park, Suite 1010
Houston, TX 77027-3414
Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Carson R. Yost
c/o Maralo, Inc.
Five Post Oak Park, Suite 1010
Houston, TX 77027-3414

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Samantha Adelaide Yost
c/o Maralo, Inc.
Five Post Oak Park, Suite 1010
Houston, TX 77027-3414

Andrews Royalty, Inc.
4849 Greenville Ave., Suite 1144
Dallas, TX 75206

Dodge Jones Foundation
P. O. Box 176
Abilene, TX 79604

Matt-Tex, L.L.P.
P. O. Box 176
Abilene, TX 79604

John A. Matthews, Jr.,
1821 Industrial Road
San Angelo, T 76904

Julia Jones Matthews, Trustee of the Julia Jones Matthews Living Trust
P. O. Box 176
Abilene, TX 79604

State of New Mexico
E.V. "State" #3 Well
Page 4



If anything further is needed, please advise.

Sincerely Yours,

LOUIS DREYFUS NATURAL GAS CORP.

A handwritten signature in black ink that reads 'Carol Myers'.

Carol Myers
District Landman

Enclosures

OIL AN GAS LEASE



E.V. "STATE #3 WELL
1180'FNL AND 330' FEL
SECTION 32-T22S-R26E
EDDY COUNTY, NEW MEXICO

STATE OF NEW MEXICO LEASE V-708
NE/4; NE/4 NW/4; SW/4 NW/4; N/2 SW/4; S/2 SE/4
SECTION 32-T22S-R26E
EDDY COUNTY, NEW MEXICO

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-101
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: LOUIS DREYFUS NATURAL GAS CORPORATION 14000 QUAIL SPRINGS PARKWAY, #600 OKLAHOMA CITY, OK 73134		OGRID Number 025773
Property Code 16392		Property Name "EV" State
		Well No. 3
API Number 30 - 015-27751		

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	32	22S	26E		1180	North	330	East	Eddy

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	32	22S	26E		1180	North	330	East	Eddy

Proposed Pool 1 Happy Valley Delaware	Proposed Pool 2
--	-----------------

Work Type Code Drill	Well Type Code Oil	Cable/Rotary Rotary	Lease Type Code S	Ground Level Elevation 3308
Multiple	Proposed Depth 5050	Formation Delaware	Contractor Cap Star	Spud Date Upon Approved

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2	13 3/8	48-61	350	400/"c"	Surface
12 1/4	8 5/8	24	1650	425/Poz	Surface
7 7/8	5 1/2	15.5	5050	400 Lite	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Fresh water sands will be protected by setting 13 3/8" csg. @ 350' and circulating cement to surface. Intermediate 8 5/8" csg well be set @ 1650' and cemented to surface. The 5 1/2" production csg will be set @ 5050' and cemented to surface.

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

Signature: *Kenton Sams*
 Printed name: Kenton Sams
 Title: Operations Engineer
 Date: 10/2/95
 Phone: (405) 749-1300

OIL CONSERVATION DIVISION

Approved by:
 Title:
 Approval Date: Expiration Date:
 Conditions of Approval:
 Attached

District I
 PO Box 1980, Hobbs, NM 88240-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APL Number 30-015-27751		Pool Code 085200	Pool Name Happy Valley Delaware
Property Code 16392	Property Name EV STATE		Well Number 3
OGRID No.	Operator Name LOUIS DREYFUS NATURAL GAS CORPORATION		Elevation 3308.

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	22S	26E		1180	NORTH	330	EAST	EDDY

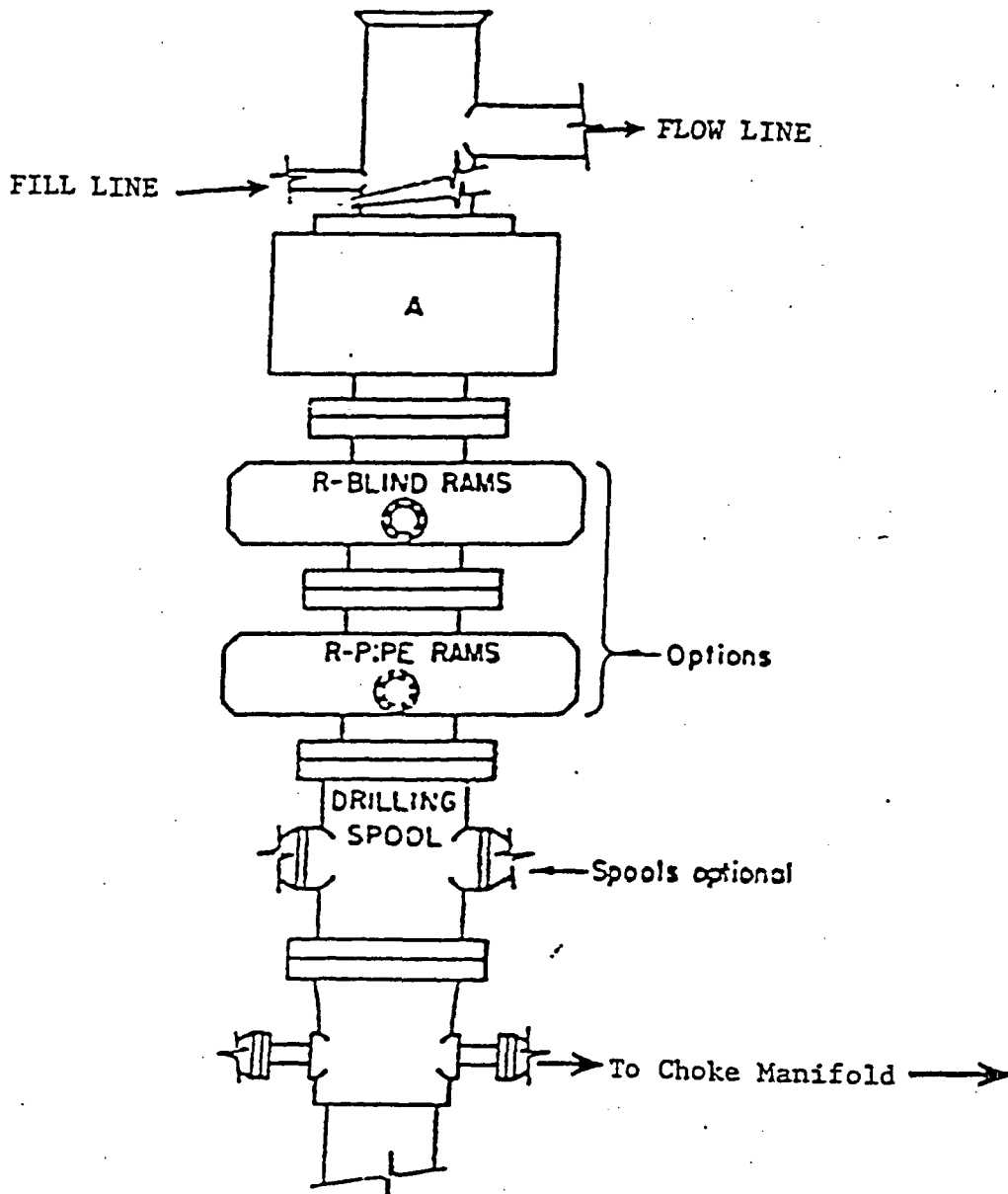
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	22S	26E		1180	North	330	East	Eddy

¹² Dedicated Acres	¹³ Joint or infill	¹⁴ Consolidation Code	¹⁵ Order No.
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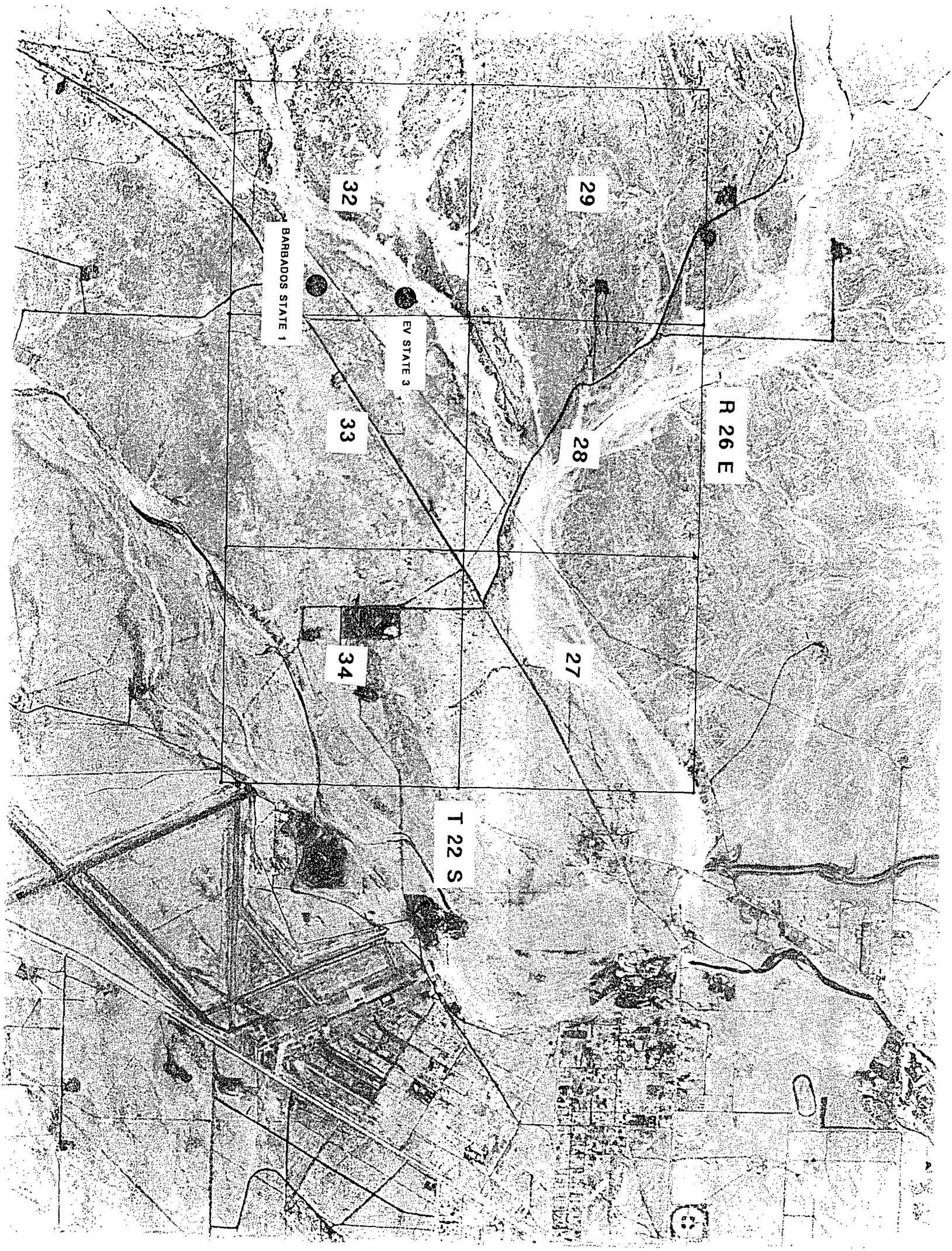
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 LAT. = 32°21'11" LONG. = 104°18'26" FROM USGS TOPO MAP					¹⁷ 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 Kenton Sams
					Title Operations Engineer
Date 10/2/95					
¹⁸ 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 belief.					
Date of Survey SEPTEMBER 17, 1995					
Signature and Seal of Professional Surveyor: 					
Certificate Number NM PE&PS NO. 5412					



ARRANGEMENT SRRA

900 Series
3000 PSI WP



R 26 E

T 22 S

29

28

27

32

33

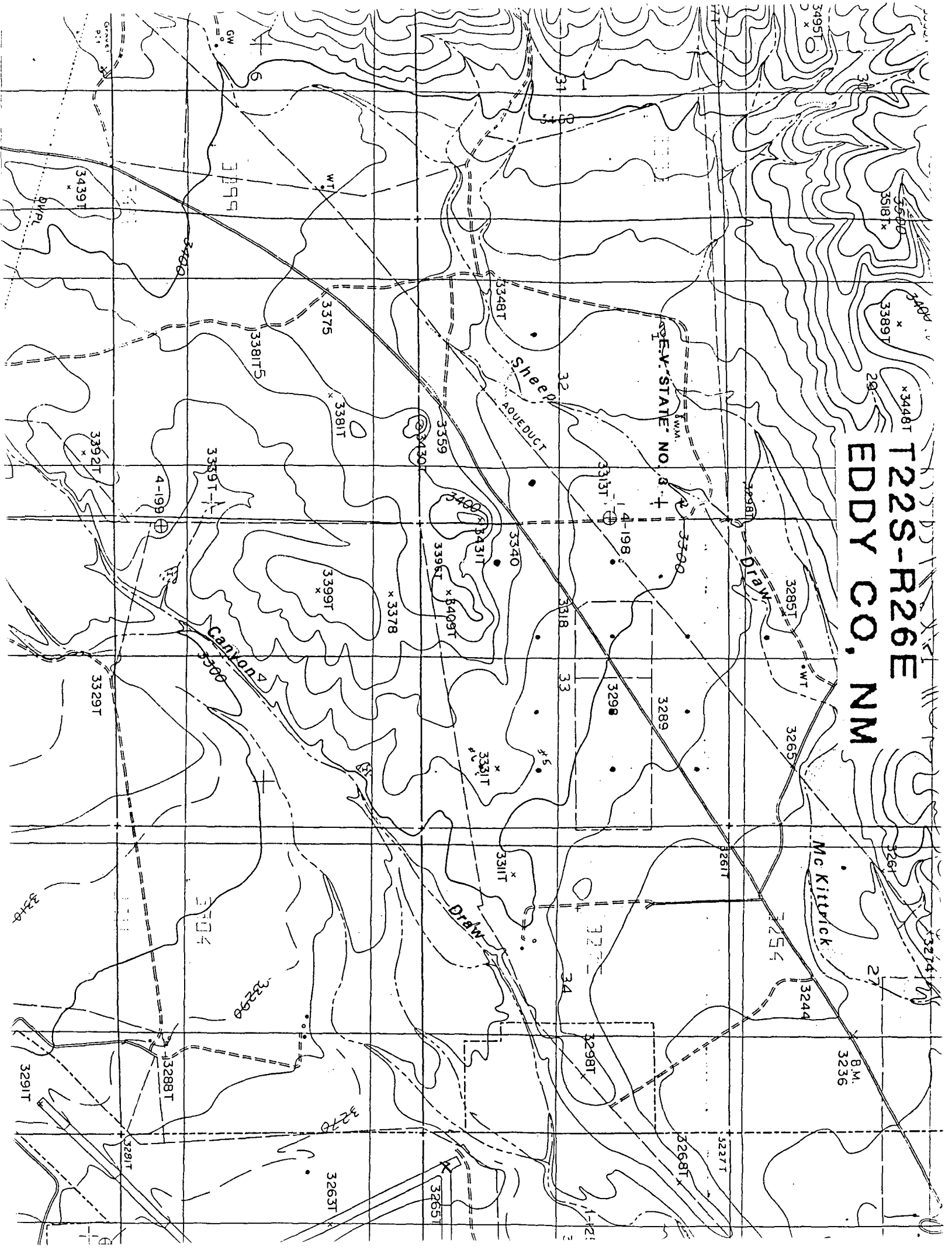
34

BARBADOS STATE 1

EV STATE 3

BARBADOS STATE 1

T22S-R26E
EDDY CO., NM



R 26 E

T
22
S

T
23
S

29

1X-W AIRPORT FED COM
11720

OFFSET MINERAL OWNERS

1-AIRPORT WEST "AGL"
11650

28

LDNG
1-HAPPY VALLEY FED
11840

LDNG
1-B HAPPY VALLEY FED
11692

LDNG
1-28 SHEEP DRAW FED
5002

27

LDNG
1-TOMAINO J A FED
11751

32

LDNG
1-NM "EV" ST
11788

LDNG
EV "STATE" #3

33

LDNG 1-SHEEP DRAW FED 11735

LDNG 2-SHEEP DRAW FED 4990

LDNG 4-SHEEP DRAW FED 4992

LDNG 8-SHEEP DRAW FED 4992

LDNG 3-SHEEP DRAW FED 5000

LDNG 8-SHEEP DRAW FED 5040

LDNG 2-ADUDAD FED 4990

LDNG 5-SHEEP DRAW FED 5040

LDNG 2-DALL FED 5035

LDNG 1-DALL FED 5050

LDNG 4-RAM EWE FED

LDNG 1-RAM EWE FED 11750

34

1-FED "34"
11830

1-MIDWEST "L" FED
11856

1-FED "P"
463

5

1-FED "N"COM
11750

1-CITIES "5" FED
5068

4

1-FED 4
3508

3

1-NM-ST "W"
11850

LDNG LEASEHOLD



LOUIS DREYFUS NATURAL GAS CORP
14000 Quail Springs Parkway Suite 600 Oklahoma City, OK 73104

HAPPY VALLEY FIELD
Eddy County, NM

EV "STATE" #3
UNORTHODOX LOCATION
SECTION 32-22S-26E

GEOL: W. Roberts	DRAFT: C. McKinley	TECH: N. MORRISON
DATE: 8/95	REV: S. SWART	FILE#: happyInd

