

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

August 14, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Fossil Fuels, Inc.
P.O. Box 479
Dallas, TX 75221-0479

Attention: Dana Pearce,
Production Secretary

Amended Administrative Order NSL-2666

Dear Ms. Pearce:

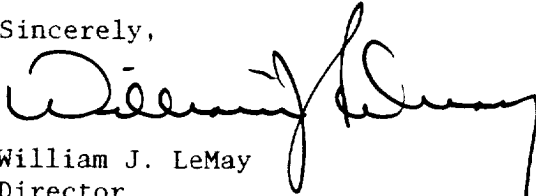
Reference is made to your application of August 11, 1989 for a non-standard location for your Zuni Tribal Well No. 1-Y to be located 2453 feet from the South line and 1373 feet from the West line (Unit K) of Section 4, Township 8 North, Range 18 West, NMPM, Cibola County, New Mexico. It is our understanding that while drilling the Zuni Tribal Well No. 1 located at an unorthodox location 2303 feet from the South line and 1373 feet from the West line of said Section 4, which was approved by Division Administrative Order NSL-2666 dated June 21, 1989, problems were encountered and had to be abandoned before total depth was reached. The No. 1-Y Well is to be a replacement for the No. 1 well which will be drilled to an approximate depth of 2500 feet to test the Yeso and San Andres formations. If oil is encountered, the NE/4 SW/4 of said Section 4 is to be dedicated to said well forming a standard statewide 40-acre oil spacing and proration unit; or if gas is encountered, the SW/4 of said Section 4 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit (pursuant to General Rule 104.B.(II)).

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

PROVIDED HOWEVER THAT, if said well should be a producing well, the applicant shall conduct a multishot directional survey from the surface to total depth in order to determine the subsurface well location. The applicant shall notify the supervisor of the Santa Fe district office of the Division of the date and time of conducting said directional survey in order that said operation may be witnessed. Upon completion of conducting said directional survey, the applicant shall submit copies of said survey to the Santa Fe office of the Division. Should it be determined from said directional survey that the subject well's producing interval is located in another proration unit other than the above-described acreage dedication for either an oil or gas well for this particular location, the applicant shall be required to obtain any subsequent applicable Division approvals.

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Fossil Fuels, Inc.
August 14, 1989
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Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division + Santa Fe (Roy Johnson)
NM Oil and Gas Engineering Committee - Hobbs
U.S. Bureau of Land Management - Farmington
U.S. Bureau of Land Management - Albuquerque