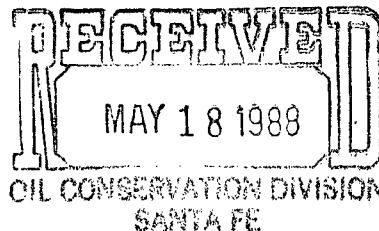


Release Date: June 6, 1988

By DRC



Union Texas Petroleum



375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

May 11, 1988

Mr. William J. LeMay
N. M. Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Re: Payne 3M
1610' FNL & 580' FEL
Section 20-T32N-R10W
San Juan County, NM

NSL-2532
RULE-104 F(I)
Dual Completion
Blanco Mesaverde-Basin Dakota
320 Acres clcd.
1/2 Sec 20

Dear Mr. LeMay:

Union Texas Petroleum requests administrative approval of an unorthodox location for a Blanco Mesaverde/Basin Dakota dual completion. The basis for our request is for topographic reasons, and this well will be a replacement well for the Payne 3 Mesaverde.

The offset operators, which have been notified of our intentions, are Meridian Oil, Inc., Northwest Pipeline Corp., Tenneco Oil Company, Southland Royalty Company (Meridian), and Mesa LTD Partnership. A copy of their letters is attached for your review.

If I may be of any further assistance, please advise.

Very truly yours,

Robert C. Frank
Permit Coordinator

RCF:lmg
attachments

cc: E. Busch/NMOCD



Union Texas Petroleum

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

May 11, 1988

Operations Manager
Meridian Oil, Inc.
P. O. Box 4289
Farmington, NM 87499

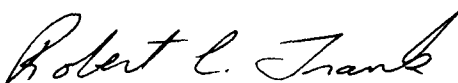
Re: Payne 3M
1610' FNL & 580' FEL
Section 20-T32N-R10W
San Juan County, NM

Dear Sir:

Union Texas Petroleum desires to drill a Blanco Mesaverde/Basin Dakota dual completion at an unorthodox location of 1610' FNL & 580' FEL. A standard location is not possible due to topography.

As an offset operator we are required to notify you of our intentions. If you do not approve of our proposal, you have twenty days from this date to notify the Director of the Oil Conservation Division in Santa Fe, New Mexico. If you are in accord with our proposal, please acknowledge by signing and returning one copy of this letter to Union Texas Petroleum at your earliest convenience.

Very truly yours,


Robert C. Frank
Permit Coordinator

Acknowledgement:

Title



Union Texas Petroleum

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

May 11, 1988

Operations Manager
Northwest Pipeline Corp.
3539 East 30th Street
Farmington, NM 87401

Re: Payne 3M
1610' FNL & 580' FEL
Section 20-T32N-R10W
San Juan County, NM

Dear Sir:

Union Texas Petroleum desires to drill a Blanco Mesaverde/Basin Dakota dual completion at an unorthodox location of 1610' FNL & 580' FEL. A standard location is not possible due to topography.

As an offset operator we are required to notify you of our intentions. If you do not approve of our proposal, you have twenty days from this date to notify the Director of the Oil Conservation Division in Santa Fe, New Mexico. If you are in accord with our proposal, please acknowledge by signing and returning one copy of this letter to Union Texas Petroleum at your earliest convenience.

Very truly yours,


Robert C. Frank
Permit Coordinator

Acknowledgement:

Title



Union Texas Petroleum

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

May 11, 1988

Operations Manager
Mesa LTD Partnership
P. O. Box 579
Flora Vista, Nm 87415

Re: Payne 3M
1610' FNL & 580' FEL
Section 20-T32N-R10W
San Juan County, NM

Dear Sir:

Union Texas Petroleum desires to drill a Blanco Mesaverde/Basin Dakota dual completion at an unorthodox location of 1610' FNL & 580' FEL. A standard location is not possible due to topography.

As an offset operator we are required to notify you of our intentions. If you do not approve of our proposal, you have twenty days from this date to notify the Director of the Oil Conservation Division in Santa Fe, New Mexico. If you are in accord with our proposal, please acknowledge by signing and returning one copy of this letter to Union Texas Petroleum at your earliest convenience.

Very truly yours,

Robert C. Frank
Permit Coordinator

Acknowledgement:

Title



Union Texas Petroleum

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

May 11, 1988

Operations Manager
Tenneco Oil Company
P. O. Box 3249
Englewood, CO 80155

Re: Payne 3M
1610' FNL & 580' FEL
Section 20-T32N-R10W
San Juan County, NM

Dear Sir:

Union Texas Petroleum desires to drill a Blanco Mesaverde/Basin Dakota dual completion at an unorthodox location of 1610' FNL & 580' FEL. A standard location is not possible due to topography.

As an offset operator we are required to notify you of our intentions. If you do not approve of our proposal, you have twenty days from this date to notify the Director of the Oil Conservation Division in Santa Fe, New Mexico. If you are in accord with our proposal, please acknowledge by signing and returning one copy of this letter to Union Texas Petroleum at your earliest convenience.

Very truly yours,

Robert C. Frank
Permit Coordinator

Acknowledgement:

Title



Union Texas Petroleum

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

May 11, 1988

Operations Manager
Southland Royalty Company
c/o Meridian Oil, Inc.
P. O. Box 4289
Farmington, NM 87499

Re: Payne 3M
1610' FNL & 580' FEL
Section 20-T32N-R10W
San Juan County, NM

Dear Sir:

Union Texas Petroleum desires to drill a Blanco Mesaverde/Basin Dakota dual completion at an unorthodox location of 1610' FNL & 580' FEL. A standard location is not possible due to topography.

As an offset operator we are required to notify you of our intentions. If you do not approve of our proposal, you have twenty days from this date to notify the Director of the Oil Conservation Division in Santa Fe, New Mexico. If you are in accord with our proposal, please acknowledge by signing and returning one copy of this letter to Union Texas Petroleum at your earliest convenience.

Very truly yours,

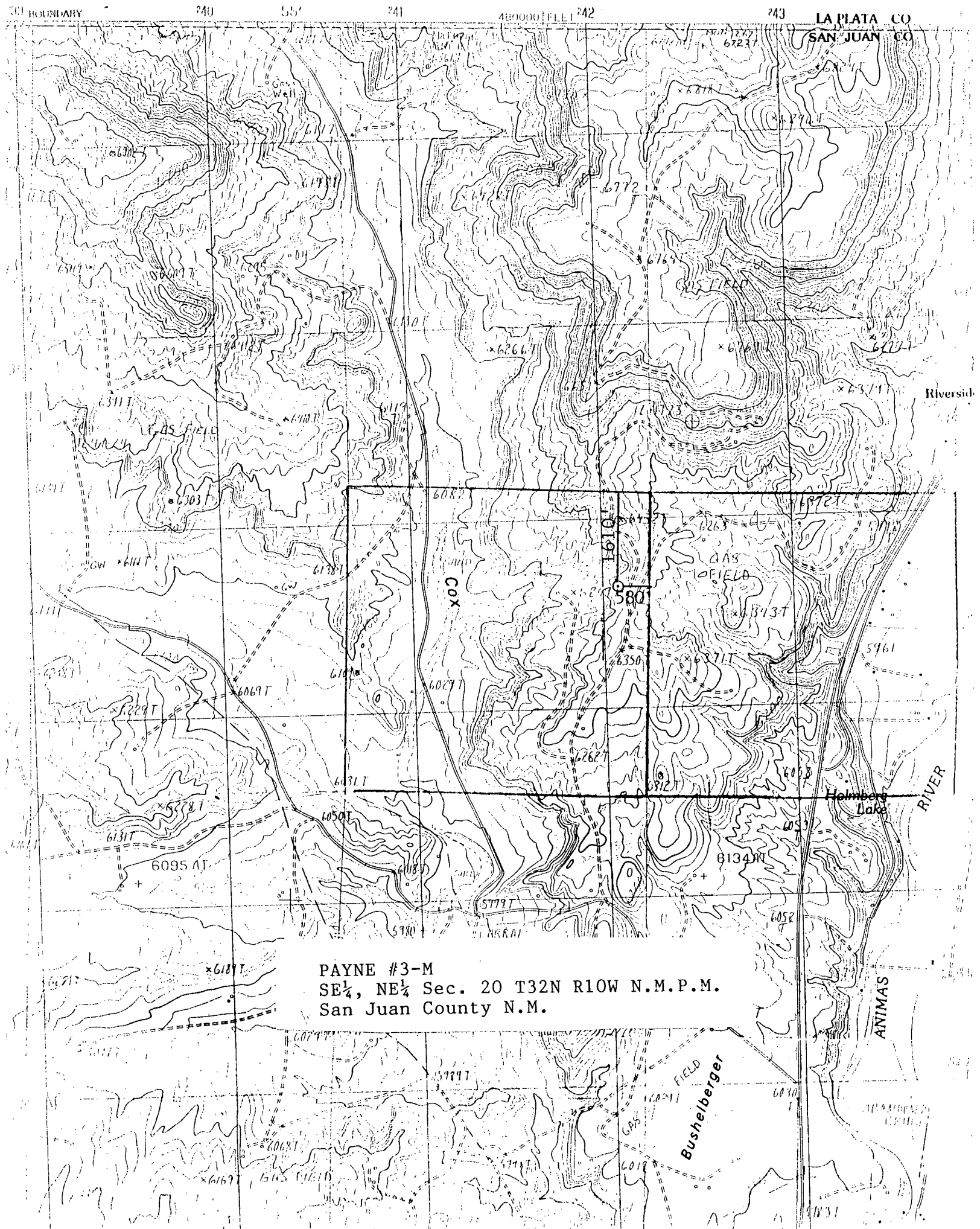
Robert C. Frank
Permit Coordinator

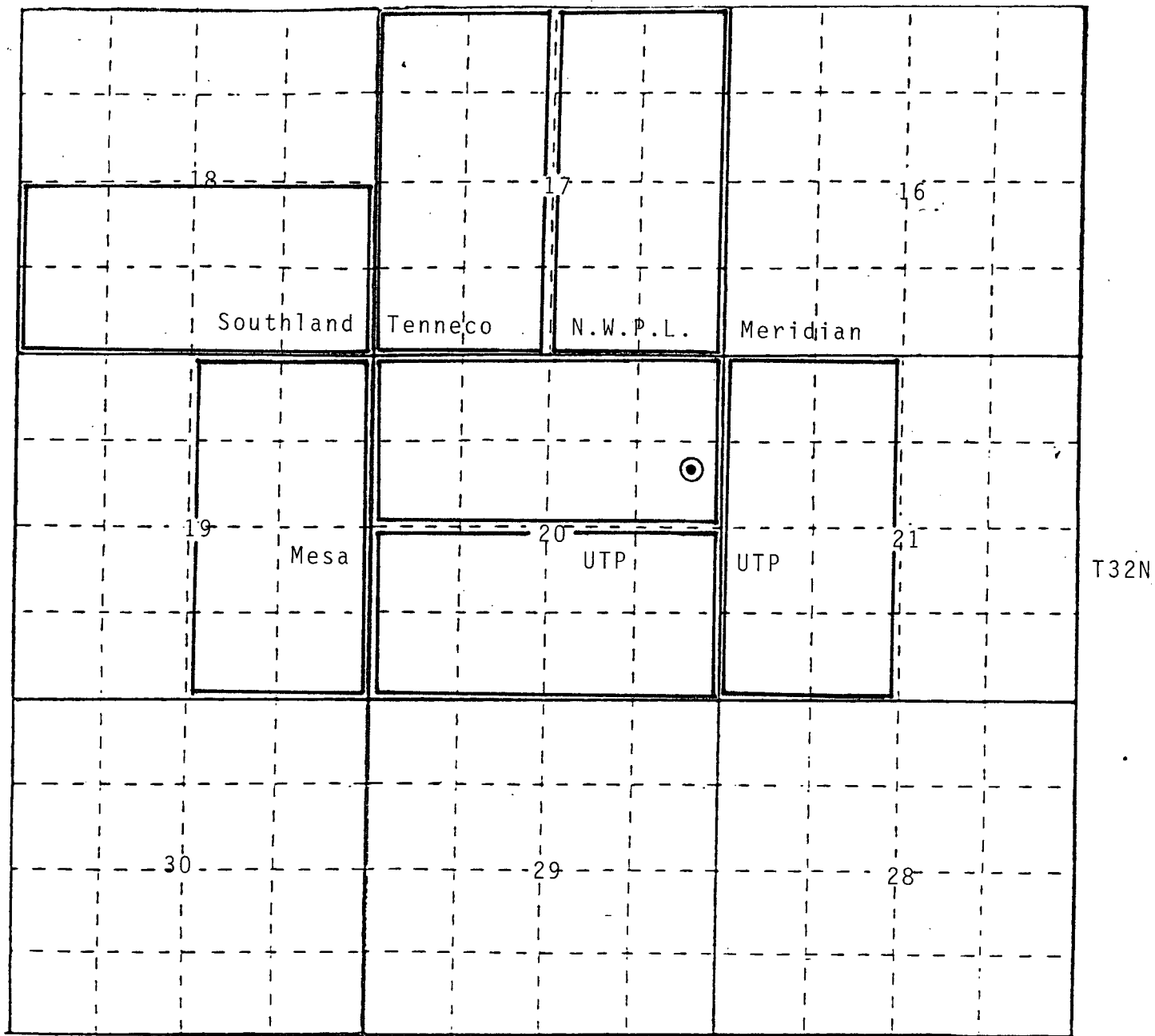
Acknowledgement:

Title

Form C-102
Supersedes C-12
Effective 1-4-65

•9672





R10W

Payne 3-M
1610'FNL&580'FEL
Section 20 T32N R10W



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

RECEIVED
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

MAY 25 1988

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 5-17-88

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 5-17-88
for the Albion Texas Petroleum Corp. Payne #311 14-20-32N-10W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approved

Yours truly,

[Signature]