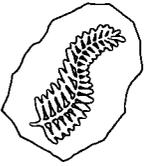


Fossil Fuels Inc.



June 14, 1989

New Mexico Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, NM 87501

ATTENTION: Mr. Michael Stogner

Gentlemen:

Fossil Fuels Inc. respectfully requests an unorthodox location variance in regards to our Zuni Tribal #1 Well, which is located in Section 4, T8N, R18W, Cibola County, New Mexico. The footage location is 1373' from the west line and 2303' from the south line of Section 4.

This location was chosen because of the high density of artifacts and other items of archeological importance in this area. The location has been approved by the archeologists in the Zuni Archeological Program.

Attached is a copy of our "lease plat", which notes our lease lines and the location of the #1 Zuni Tribal well. One section (#8), which is a diagonal offset to our location is unleased. This section is a part of the Zuni Reservation.

Your assistance in this matter is greatly appreciated.

Sincerely,

Dana Pearce
Production Secretary

Attachments

(Zero) San Andres
(oil)
40 acre
(Unit K)

(2300'
2500')

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Fossil Fuels Inc.

3. ADDRESS OF OPERATOR
P.O. Box 479, Dallas, TX 75221-0479

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface
1373' from west line and 2303' from south line of Section 4.
 At proposed prod. zone
Same as above

5. LEASE DESIGNATION AND SERIAL NO.
M-70-721-88-001

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Zuni

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Zuni Tribal

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 4, T8N, R18W

12. COUNTY OR PARISH
Cibola

13. STATE
NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
+10 miles southeast from Zuni Pueblo

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
+6700'

16. NO. OF ACRES IN LEASE
14,200.18

17. NO. OF ACRES ASSIGNED TO THIS WELL
No field spacing rules

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
2500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
GR 7345'

22. APPROX. DATE WORK WILL START*
July 1, 1989

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17"	13-3/8"	48#	450'	420 sx
11"	8-5/8"	24#	1500'	600 sx*
7-7/8"	5-1/2"	15.5#	2300'	155 sx*

*Exact volumes to be calculated after drilling.

All prospective producing intervals in the Yeso and San Andres formations will be tested and stimulated as necessary.

EXHIBITS:

- A. Location Plat
- B. Ten-Point Compliance Program
- C. Blowout Preventor Diagram
- D. Multi-Point Requirements of APD.
- E. Access to location
- F. Drill Rig Layout
- G. Completion Program Layout

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Engineer DATE 05/30/89

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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

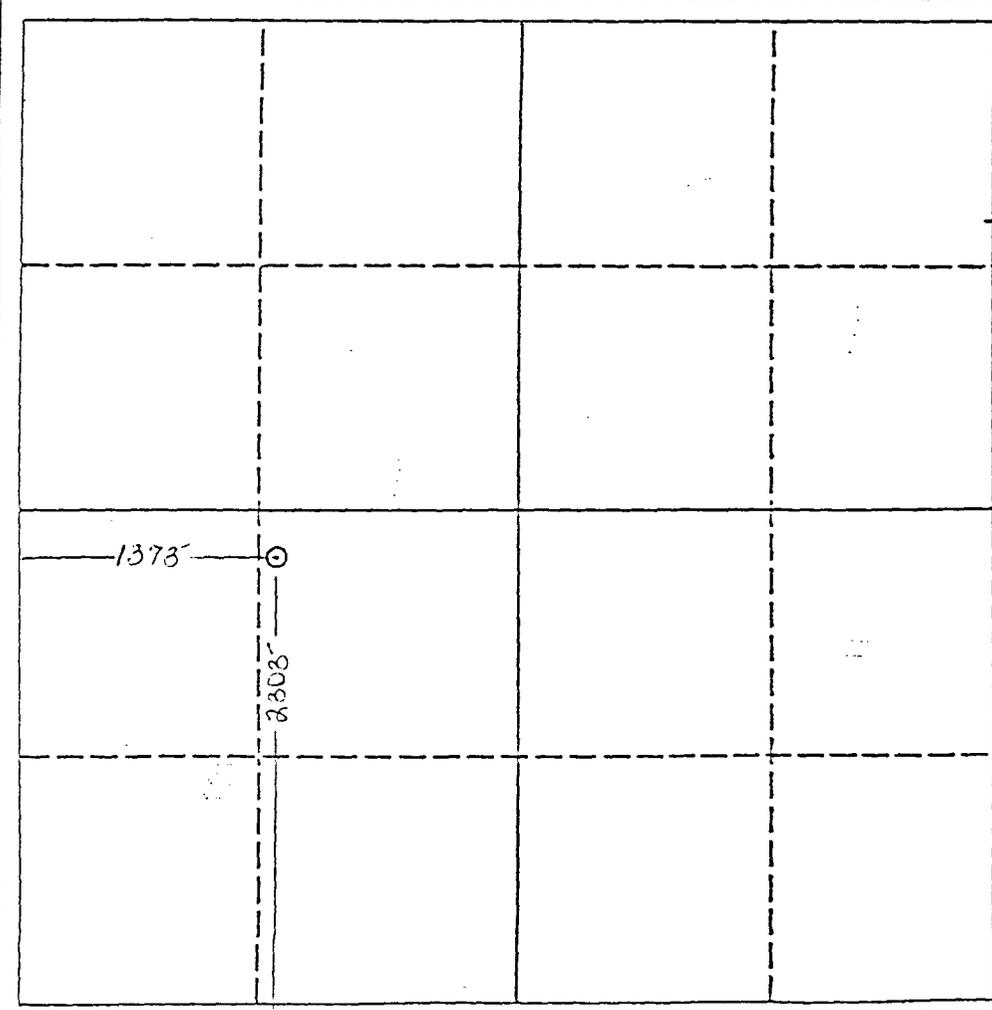
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Fossil Fuels Inc.		Lease Zuni Tribal		Well No. 1
Unit Letter J K	Section 4	Township 8N	Range 18W	County NMPM Cibola
Actual Footage Location of Well: 1373 feet from the west line and 2303 feet from the south line				
Ground level Elev. 7345'	Producing Formation Wildcat		Pool	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, 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: *Robert Weldon*

Printed Name: **Robert Weldon**

Position: **Engineer**

Company: **Fossil Fuels Inc.**

Date: **May 30, 1989**

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.

