

 Union Texas Petroleum

1330 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-6544

April 24, 1989

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87504

Attn: Mike Stougner

Re: Johnston Federal 26
Section 7, T31N-R9W
San Juan County, New Mexico

Dear Mr. Stougner:

Union Texas Petroleum respectfully requests that the attached Application for Permit to Drill be approved in the non-conforming-1/4 section due to the following:

- 1) On October 18, 1988, the Johnston Federal 26 was staked in the NW1/4 of Section 7, T31N-R9W.
- 2) Location was archaeologically cleared.
- 3) A BLM on site inspection was conducted in mid December and the site was acceptable to the BLM.
- 4) The APD was filed on January 13, 1989 and the site was found to be deficient due to it being in a now non-conforming 1/4 section.
- 5) On February 25, 1989, a new location was selected in Section 7, NE1/4 and surveyed in. Said location was found to be the only practical site available in said 1/4 Section due to the topography and the existence of previously drilled wells.
- 6) Site was archaeologically cleared.
- 7) On April 4, 1989, an on site inspection was conducted for the new location in the NE1/4. This location was denied by the BLM on the basis that too much of an existing hillside would have to be removed in order to build the pad. The BLM Field Officer then tried to locate an alternate site in the NE1/4 but came to the conclusion that, due to the topography of the area and existing wells, no new location could be found in the NE1/4 section.

RECEIVED

APR 25 1989

OIL CONSERVATION DIV.
SANTA FE

5/4/89
Paula Priest to
- offset overland
- across section
- better from
BLM regarding
drill sites.

BLM - Farmington
Bruce
Ferravola

- Alvia
Ferravola

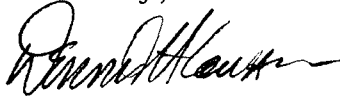
DHC:0450

Mike Stougner, NMOCD
April 20, 1989
Page 2

Union Texas Petroleum Corporation is requesting that, due to the above noted series of events, the original location for the Johnston Federal 26 be administratively approved as an exception location in the NW1/4 of Section 7.

Should you have any questions or need assistance, please contact to me at (713) 968-4010.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis H. Cowan", with a stylized flourish at the end.

Dennis H. Cowan
Manager, Regulatory and
Environmental Services

DHC/vad
Attachments

DHC:0450

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

Union Texas Petroleum : Attn: Paula Priest

3. ADDRESS OF OPERATOR

P. O. BOX 2120, Houston, TX 77252

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1820' FNL & 740' FWL

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

13 Miles NE of Aztec, NM

10. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT. 740' from lease
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE
2,446.60

17. NO. OF ACRES ASSIGNED
TO THIS WELL
2,446.60

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 170'

19. PROPOSED DEPTH
3640'

20. ROTARY OR CABLE TOOLS
Rotary

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

6623' G.L. (graded)

22. APPROX. DATE WORK WILL START*

March 15, 1989

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4	9-5/8	32.3	350'	210 sx (248 cu.ft.)
8-3/4	7	23.0	3640'	380 sx (973 cu. ft.)

Union Texas Petroleum wishes to advise we intend to drill a 12-1/4" hole with mud to 350' and set 9-3/5", 32.3#, H-40, ST&C csg to 350', cementing to surface with 210 sx (248 cu. ft.) C1 "B" with 2% CaCl2 and 1/4# flocele/sx. Wait on cement 12 hours.

Nipple up, test BOP. Drill 8-3/4" hole with mud out of surface to 3640'. Set 7" 23#, N-80, LT&C csg to 3640', cementing to surface with 280 sx (248 cu. ft.) 65/35 POZ with 12% gel and 12-1/4# gilsonite/sx, tailed by 100 sx (157 cu. ft.) 50/50 POZ with 4% gel and 6-1/4# gilsonite/sx and 10# salt s/x

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

TITLE Authorized Agent

DATE 1/6/89

(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

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-121
Superceded C-11
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

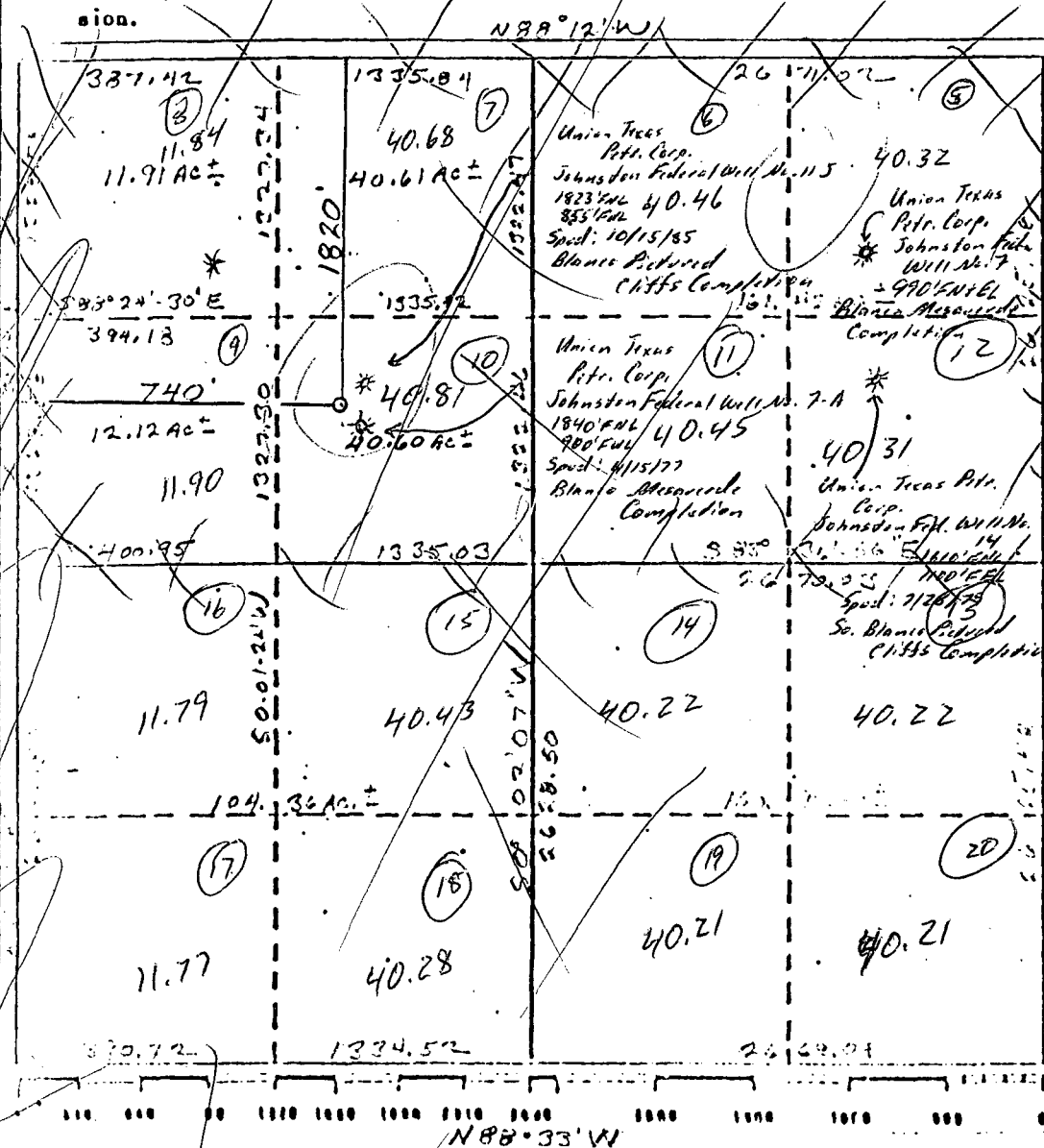
Operator UNION TEXAS PETROLEUM			Lease JOHNSTON FEDERAL		Well No. 26
Unit Letter E	Section 7	Township 31N	Range 9W	County San Juan	
Actual Footage Location of Well: 1820 feet from the North line and 740 feet from the West line					
Ground Level Elev. 6623	Producing Formation		Pool N/2 Section 7	Dedicated Acreage: 266.77 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. **83.36**
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 interests 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 interests, has been approved by the Commission.



CERTIFICATION

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

Name _____

Position _____

Company _____

Date _____

CECIL B. TULLIS
NEW MEXICO
REGISTERED PROFESSIONAL ENGINEER
AND/OR LAND SURVEYOR
9672
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.

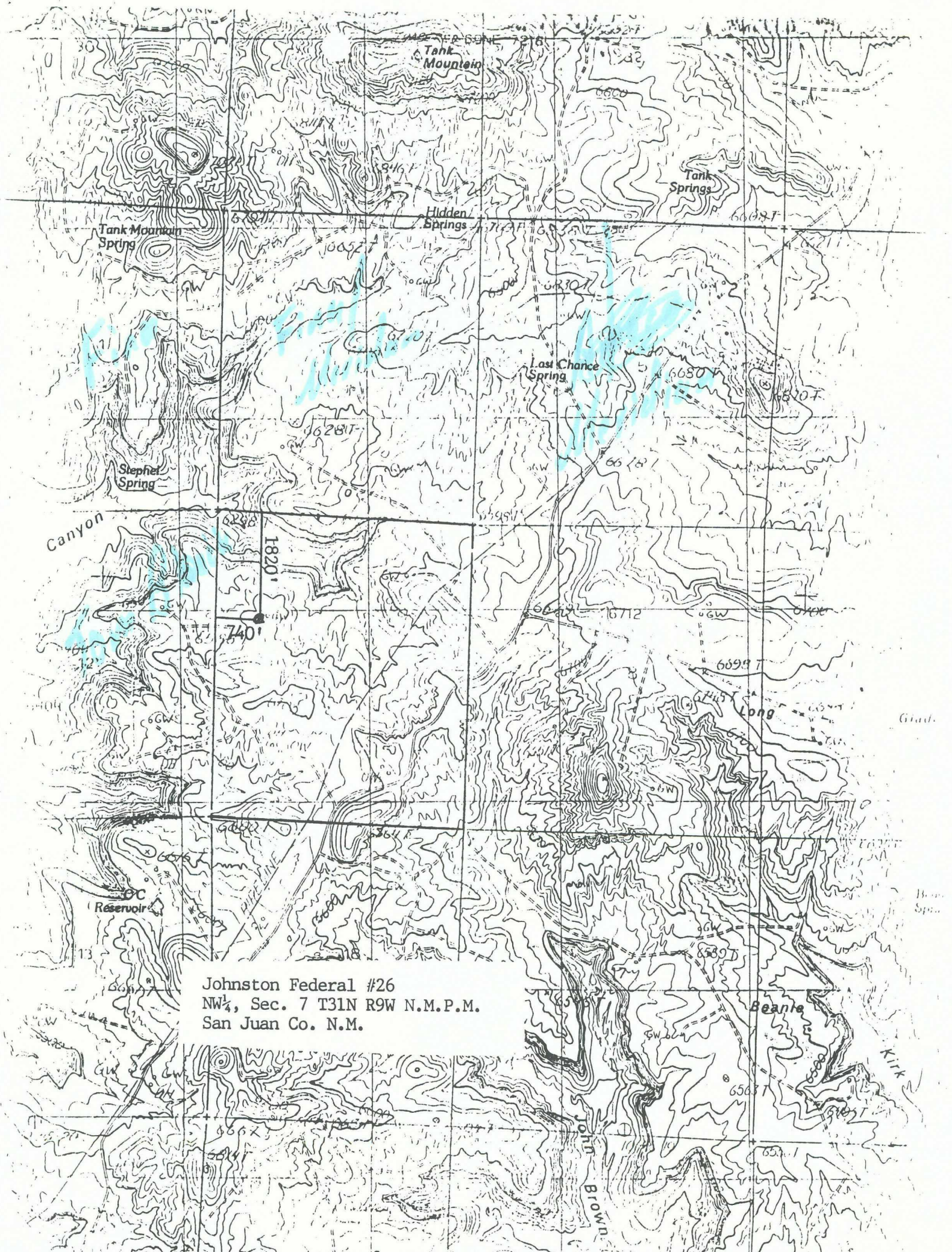
Date Surveyed _____

October 18, 1988

Registered Professional Engineer and/or Land Surveyor

Cecil B. Tullis
Certificate No. _____

9672



Johnston Federal #26
NW 1/4, Sec. 7 T31N R9W N.M.P.M.
San Juan Co. N.M.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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b. TYPE OF WELL

OIL
WELL ☐

GAS
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OTHER

SINGLE
ZONE ☒

MULTIPLE
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2. NAME OF OPERATOR

Union Texas Petroleum : Attn : Paula Priest

3. ADDRESS OF OPERATOR

P. O. BOX 2120, Houston, TX 77252

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At surface

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2,446.60

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TO THIS WELL
N $\frac{1}{2}$ 266.77

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

170'

19. PROPOSED DEPTH

3640'

20. ROTARY OR CABLE TOOLS

Rotary

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

6623' G.L. (graded)

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CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-122
Supersedes C-11
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

Operator UNION TEXAS PETROLEUM			Lease JOHNSTON FEDERAL			Well No. 26		
Unit Letter E	Section 7	Township 31N	Range 9W	County San Juan				
Actual Postage Location of Well								
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Ground Level Elev. 6623		Producing Formation		Pool		Dedicated Acreage		

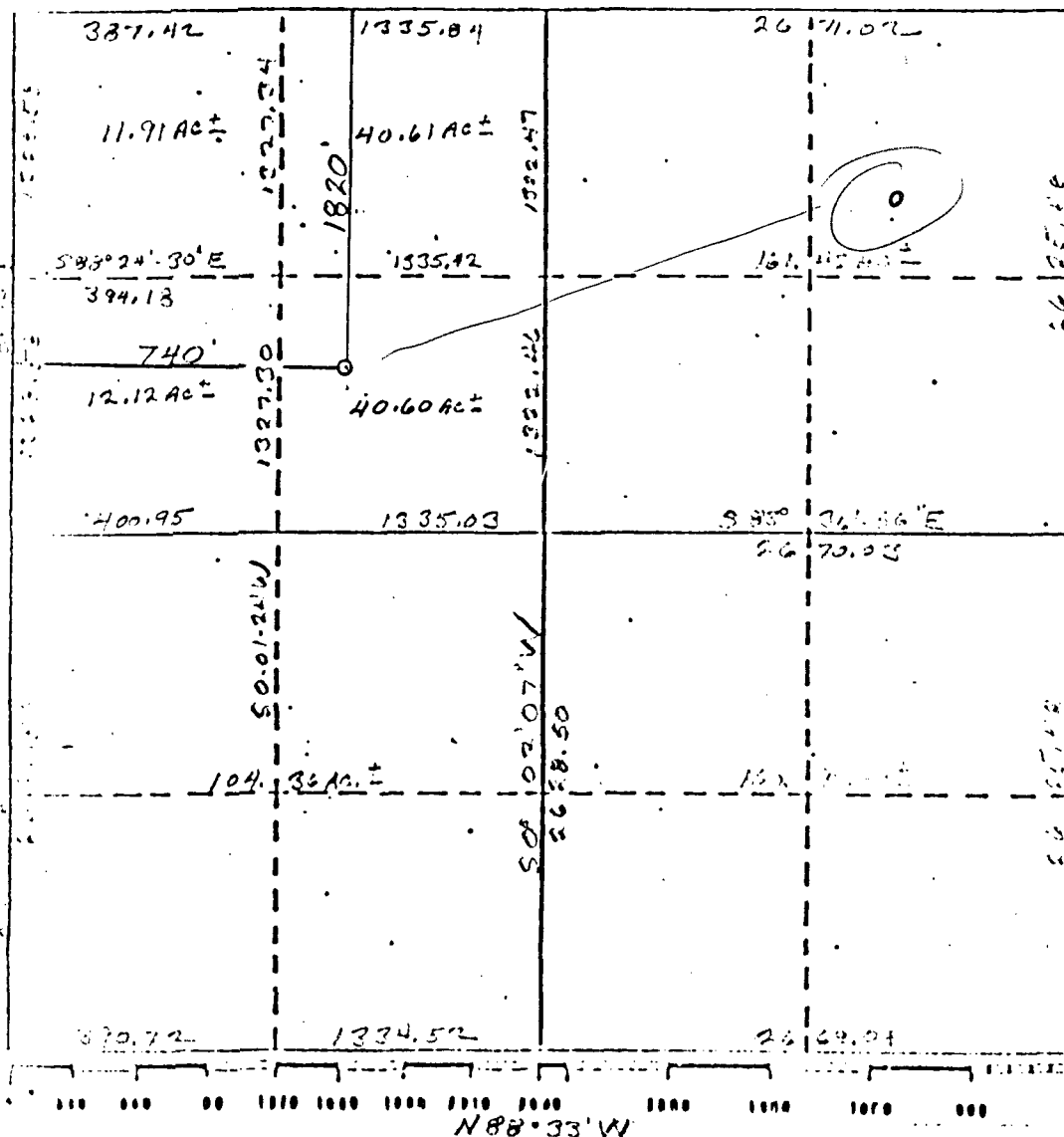
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No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

N88°12'W



CERTIFICATION

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

Name _____

Position _____

Company _____

Date _____

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.

Cecil B. Tullis

Date Surveyed

October 18, 1988

Registered Professional Engineer and/or Land Surveyor

Cecil B. Tullis

Certificate No.

'9672



Johnston Federal #26
NW 1/4, Sec. 7 T31N R9W N.M.P.M.
San Juan Co. N.M.

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DEPARTMENT OF THE INTERIOR
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TITLE Authorized Agent

DATE 1/6/89

(This space for Federal or State office use)

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APPROVAL DATE

APPROVED BY

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DATE

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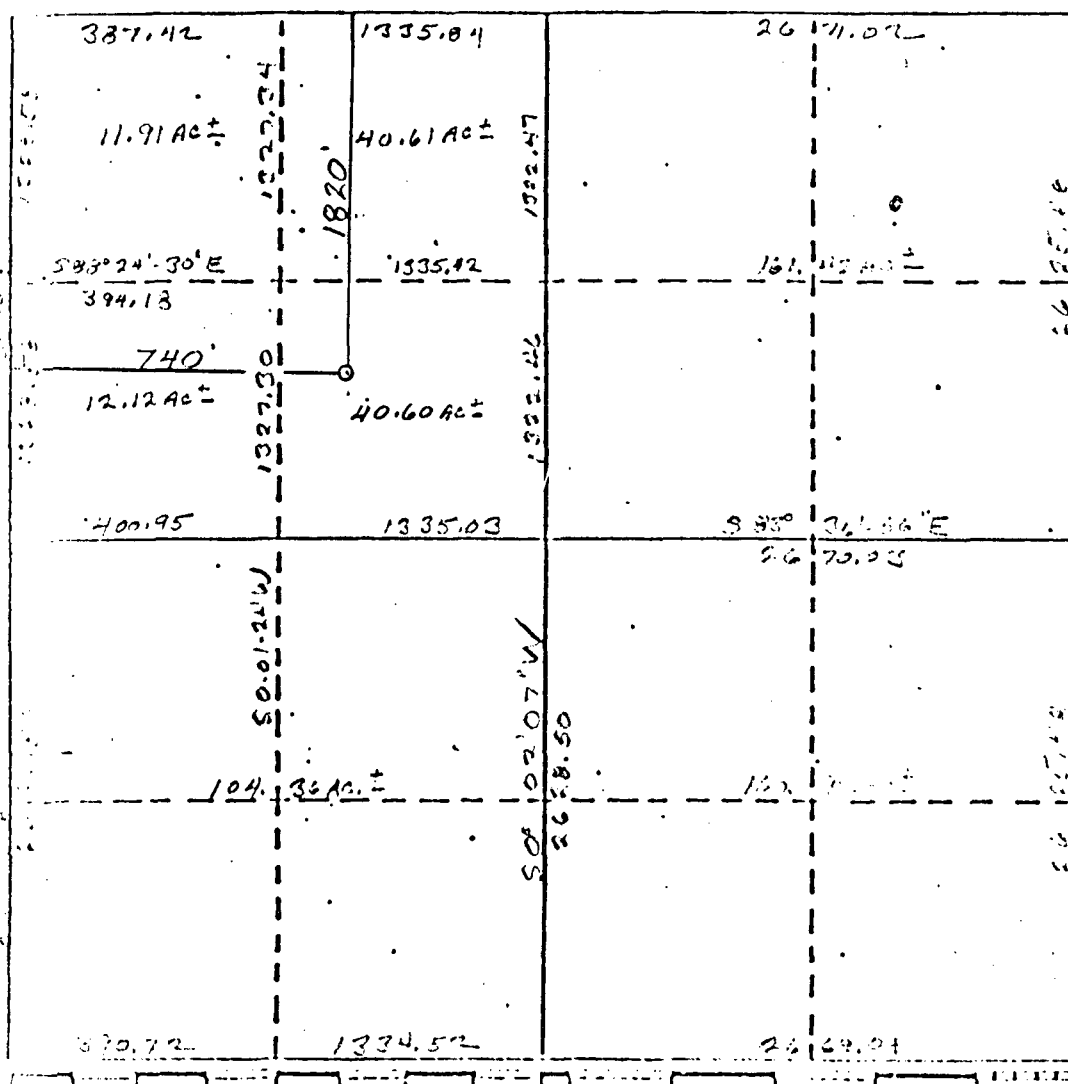
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N 88° 12' W



CERTIFICATION

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Name _____

Position _____

Company _____

Date _____

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Cecil B. Tullis

Date Surveyed

October 18, 1988

Registered Professional Engineer and/or Land Surveyor

Cecil B. Tullis

Certificate No.

9672

N 88° 33' W



Johnston Federal #26
NW $\frac{1}{4}$, Sec. 7 T31N R9W N.M.P.M.
San Juan Co. N.M.



Union Texas Petroleum

1330 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-6544

April 24, 1989

New Mexico Oil Conservation Division
Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

LETTER OF CERTIFICATION

This letter shall serve as certification that the following Offset Operators were notified on April 24, 1989 of Union Texas Petroleum Corporation's application for a permit to drill the Johnston Federal 26, Section 7-T31N-R9W in San Juan County, New Mexico on a non-conforming 1/4 section due to the topography. Administrative approval is requested and each Offset Operator was furnished a copy of the Application for Permit to Drill, a copy of the survey plat and topo map.

OFFSET FRUITLAND OPERATORS - JOHNSTON FEDERAL 26

Kevin Pfister, Sr. Landman
Fina Oil & Chemical (for)
American Petrofina of Texas
P. O. Box 2990
Midland, Texas 79702

Gregory Keely
Robert L. Keely
Lawrence C. Keely
309 Bank of America Building
Beverly Hills, California 90049

Meridian Oil Inc.
3535 East 30th Street
P. O. Box 4289
Farmington, New Mexico 87499

Koch Exploration
Koch Industries
P. O. Box 2256
Wichita, Kansas 67201

Tom Balack
3901 Bloomfield Highway
Farmington, New Mexico 87401

Arco
P. O. Box 1610
Midland, Texas 79702

Amoco
1670 Broadway
Denver, Colorado 80202

Total-Minatome
One Allen Center
Houston, Texas 77002

Sincerely,

Paula Priest
Paula Priest
Regulatory Analyst

PP:0002



Union Texas Petroleum

1930 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
713/622-6544

April 24, 1989

Kevin Pfister, Sr. Landman
Fina Oil & Chemical (for)
American Petrofina of Texas
P. O. Box 2990
Midland, Texas 79702

Dear Sir:

This letter shall serve as notification to Offset Operators of Union Texas Petroleum Corporation's application for a permit to drill the Johnston Federal 26, Section 7-T31N-R9W in San Juan County, New Mexico on a non-conforming 1/4 section due to the topography. Administrative approval is requested and enclosed please find a copy of the Application for Permit to Drill, a copy of the survey plat and topo map.

Please signify your consent to waiver the twenty (20) day waiting period required by the New Mexico Oil Conservation Division by signing and forwarding one (1) copy of this letter at your earliest convenience to:

New Mexico Oil Conservation Division
Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Enclosures

AMERICAN PETROFINA OF TEXAS HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S
PROPOSED JOHNSTON FEDERAL 26 WELL.

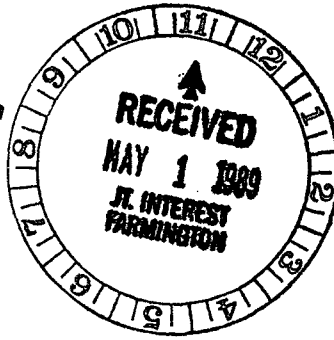
American Petrofina of Texas

Date

PP:0002



Union Texas Petroleum



April 24, 1989

Meridian Oil Inc.
3535 East 30th Street
P. O. Box 4289
Farmington, New Mexico 87499

Dear Sir:

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New Mexico Oil Conservation Division
Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest

Paula Priest
Regulatory Analyst

/pp
Enclosures

MERIDIAN OIL INC. HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

SWNance
Meridian Oil Inc.

5/16/89
Date

MERIDIAN OIL

MAY 2 1989

FARMINGTON, NEW MEXICO
RESERVOIR

PP:0002

RB
WF



Union Texas Petroleum

1330 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-6544

April 24, 1989

Total-Minatome
One Allen Center
Houston, Texas 77002

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Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Enclosures

TOTAL-MINATOME HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

Total-Minatome
Gene Anderson
Land Manager

5-17-89
Date

PP:0002



Union Texas Petroleum

4/28 LFH:
where is this?
XC BFP: Should
we agree?
Star B.
1330 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-6544

April 24, 1989

Koch Exploration
Koch Industries
P. O. Box 2256
Wichita, Kansas 67201



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Sincerely,

Paula Priest

Paula Priest
Regulatory Analyst

/pp
Enclosures

RECEIVED

MAY 22 1989

**OIL CONSERVATION DIV.
SANTA FE**

KOCH EXPLORATION HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

R. Walton
Koch Exploration
R. WALTON, PRESIDENT

MAY 17, 1989
Date

PP:0002

Mike Stogner

SF-078439 (9C)
3162.5 (019)

MAY 12 1989

Union Texas Petroleum Corporation
Attn: Ms. Paula Priest
P. O. Box 2120
Houston, TX 77252-2120

RECEIVED

MAY 19 1989

OIL CONSERVATION DIV.
SANTA FE

Dear Ms. Priest:

This letter is in reference to your proposed well No. 26 Johnston Federal, lease No. SF-078439, located 1182' FNL, 1190' FEL, sec. 7, T. 31 N., R. 9 W.. This location was inspected by Ilyse Ferraiuolo of our staff and found to be unsuitable for a well pad due to excessive topography. This proposed site is located on an extremely steep hill with most of the pad having cuts in excess of 22 feet. We will not approve this location as proposed.

Alternatives to this location include twinning of an existing well pad to the north (No. 7 Johnston, located 990' FNL, 990' FEL, sec. 7, T. 31 N., R. 9 W.), or the original unorthodox location of 1920' FNL, 740' FEL, sec. 7, T. 31 N., R. 9 W.. Your consideration in finding an environmentally acceptable location is appreciated.

Sincerely,

/s/ John L. Keller

TC Ron Fellows
Area Manager

cc: Mr. Mike Stogner, NMOGD, Aztec, NM

RECEIVED

MAY 15 1989

OIL CON. DIV
DIST. 3



Union Texas Petroleum

1730 Post Oak Blvd
P.O. Box 2120
Houston, Texas 77252-2120
713.623-6544

April 24, 1989

Tom Balack
3901 Bloomfield Highway
Farmington, New Mexico 87401

Dear Sir:

This letter shall serve as notification to Offset Operators of Union Texas Petroleum Corporation's application for a permit to drill the Johnston Federal 26, Section 7-T31N-R9W in San Juan County, New Mexico on a non-conforming 1/4 section due to the topography. Administrative approval is requested and enclosed please find a copy of the Application for Permit to Drill, a copy of the survey plat and topo map.

Please signify your consent to waiver the twenty (20) day waiting period required by the New Mexico Oil Conservation Division by signing and forwarding one (1) copy of this letter at your earliest convenience to:

New Mexico Oil Conservation Division
Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Enclosures

TOM BALACK HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

Tom Balack

Date

PP:0002



Union Texas Petroleum

1400 First Gas Blvd
P.O. Box 2120
Houston, Texas 77002-1120
713-423-6544

April 24, 1989

Amoco
1670 Broadway
Denver, Colorado 80202

Dear Sir:

This letter shall serve as notification to Offset Operators of Union Texas Petroleum Corporation's application for a permit to drill the Johnston Federal 26, Section 7-T31N-R9W in San Juan County, New Mexico on a non-conforming 1/4 section due to the topography. Administrative approval is requested and enclosed please find a copy of the Application for Permit to Drill, a copy of the survey plat and topo map.

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310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Enclosures

AMOCO HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

Amoco

Date

PP:0002



Union Texas Petroleum

1330 Post Oak Blvd
P.O. Box 2100
Houston, Texas 77252-2100
713/623-6544

April 24, 1989

Gregory Keely
Robert L. Keely
Lawrence C. Keely
309 Bank of America Building
Beverly Hills, California 90049

Dear Sirs:

This letter shall serve as notification to Offset Operators of Union Texas Petroleum Corporation's application for a permit to drill the Johnston Federal 26, Section 7-T31N-R9W in San Juan County, New Mexico on a non-conforming 1/4 section due to the topography. Administrative approval is requested and enclosed please find a copy of the Application for Permit to Drill, a copy of the survey plat and topo map.

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New Mexico Oil Conservation Division
Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Enclosures

Gregory Keely, Robert L. Keely and Lawrence C. Keely HAVE NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

Gregory Keely

Date

Robert L. Keely

Date

Lawrence C. Keely

Date

PP:0002



Union Texas Petroleum

1330 Post Oak Blvd
P.O. Box 2123
Houston, Texas 77252-2123
713 623-6544

April 24, 1989

Arco
P. O. Box 1610
Midland, Texas 79702

Dear Sir:

This letter shall serve as notification to Offset Operators of Union Texas Petroleum Corporation's application for a permit to drill the Johnston Federal 26, Section 7-T31N-R9W in San Juan County, New Mexico on a non-conforming 1/4 section due to the topography. Administrative approval is requested and enclosed please find a copy of the Application for Permit to Drill, a copy of the survey plat and topo map.

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New Mexico Oil Conservation Division
Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Enclosures

ARCO HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

Arco

Date

PP:0002



Union Texas Petroleum

1330 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-6544

May 5, 1989

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87504

Attn: Mike Stougner

Re: Johnston Federal #26
Section 7, T31N-R9W
San Juan County, New Mexico

RECEIVED

MAY - 9 1989

OIL CONSERVATION DIV.
SANTA FE

Dear Mr. Stougner:

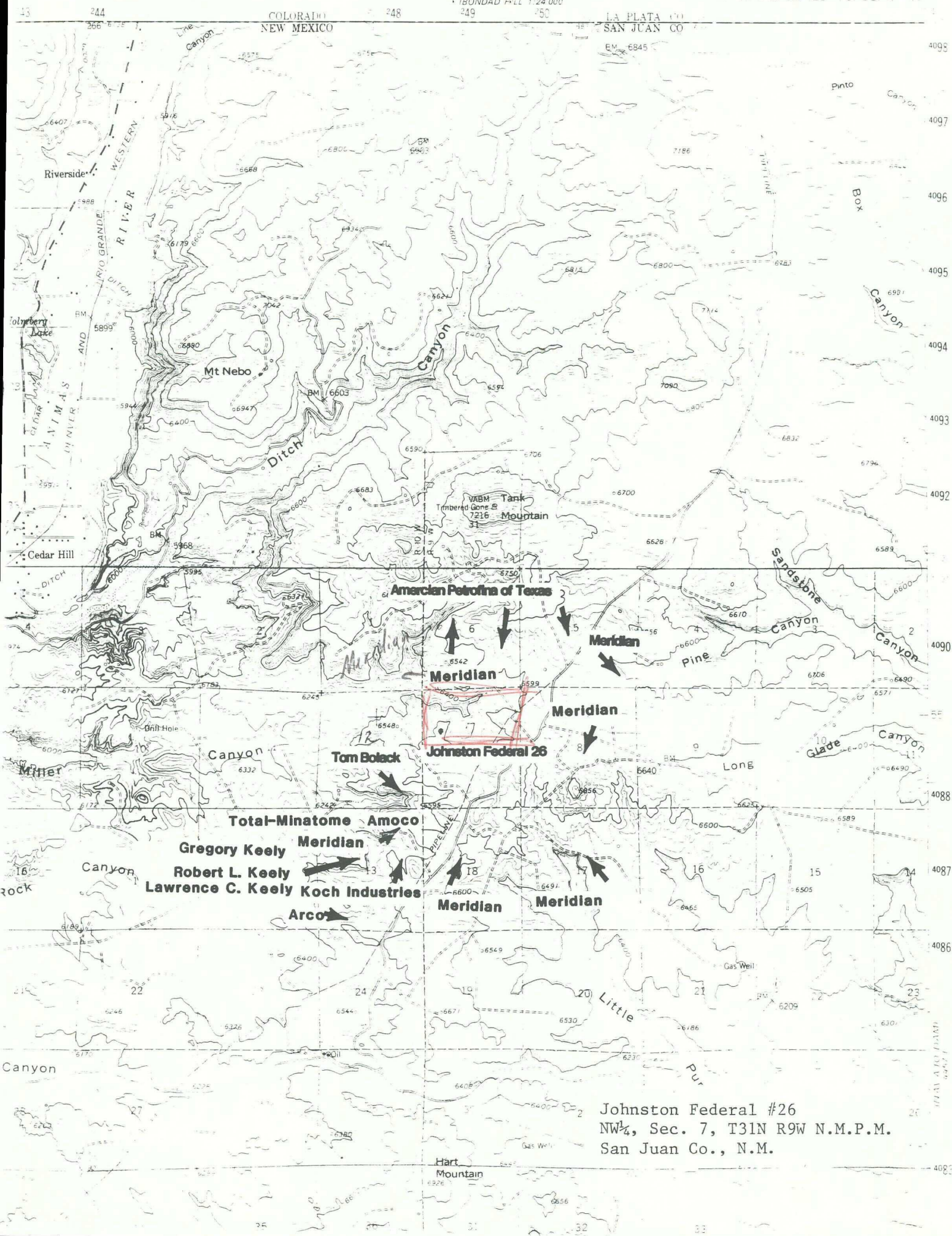
Please find attached the topo map indicating locations of offset operators to the above referenced well as you requested. Also attached is the consent to waiver letter signed by Mr. Tom Bolack forwarded to me.

Please contact me at your earliest convenience should you have any questions.

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Attachments





Union Texas Petroleum

1330 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-6544

April 24, 1989

Tom Balack
3901 Bloomfield Highway
Farmington, New Mexico 87401

Dear Sir:

This letter shall serve as notification to Offset Operators of Union Texas Petroleum Corporation's application for a permit to drill the Johnston Federal 26, Section 7-T31N-R9W in San Juan County, New Mexico on a non-conforming 1/4 section due to the topography. Administrative approval is requested and enclosed please find a copy of the Application for Permit to Drill, a copy of the survey plat and topo map.

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New Mexico Oil Conservation Division
Attn: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sincerely,

Paula Priest
Regulatory Analyst

/pp
Enclosures

TOM BALACK HAS NO OBJECTION TO UNION TEXAS PETROLEUM'S PROPOSED JOHNSTON FEDERAL 26 WELL.

Tom Balack

April 29, 1989
Date

MERIDIAN OIL

May 16, 1989

Union Texas Petroleum
Attention: Ms. Paula Priest
Regulatory Analyst
Post Office Box 2120
Houston, Texas 77252-2120

Re: Non-Standard Location Request
Johnson Federal 26
Section 7, T-31-N, R-9-W
San Juan County, New Mexico

Dear Ms. Priest:

Per your letter of April 24, 1989 requesting Meridian's consent to waiver the twenty (20) day waiting period for the above referenced well, please be advised that Meridian has no objection, as so indicated by the attached signed waiver. We have forwarded a copy to the New Mexico Oil Conservation Division as requested.

Very truly yours,



Alan Alexander
Senior Land Advisor

RECEIVED

MAY 18 1989

OIL CONSERVATION DIV.
SANTA FE

AA:gm
Attachment

Union Texas Petroleum

cc: New Mexico Oil Conservation Division
Attention: Mr. Mike Stougner
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Document 279+



Union Texas Petroleum

1330 Post Oak Blvd.
P.O. Box 2120
Houston, Texas 77252-2120
(713) 623-8544

June 5, 1989

968-4004
Ken White

RECEIVED

JUN 16 1989

OIL CONSERVATION DIV.
SANTA FE

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87504

Attn: Mr. Mike Stougner

Re: Johnston Federal 26
Section 7, T31N-R9W
San Juan County, New Mexico

Dear Mr. Stougner:

Regarding your telephone conversation of June 2, 1989 with Paula Priest and Mike Reisz of Union Texas Petroleum it was discussed that the BLM onsite inspection of our staked location for the above referenced well to be located in the NE/4 of Section 7 was denied and the BLM recommended two options:

1. A twin to the Johnston Federal #7 (990' FNL & 990' FEL) as the only acceptable location in the NE/4 of Section 7.
2. The previously staked location in the NW/4 of Section 7.

Option #1 was not acceptable to Union Texas Petroleum, as it would entail shutting in the Johnston Federal #7 and removing the gas sales line and separator while the drilling rig was drilling the Johnston Federal 26 well. This would also be a problem for any completion or remedial work. Both access and safety considerations make this option unacceptable.

Option #2 appears to be the only alternative and is acceptable to Union Texas Petroleum.

Union Texas Petroleum appreciates your understanding and assistance in this matter. If additional information is required, please advise.

Sincerely:

Dennis H. Cowan
Manager, Regulatory and
Environmental Services

DHC/pp