

LA PLATA ARCHAEOLOGICAL CONSULTANTS
26851 County Road P Dolores, Colorado 81323
Office Phone: (303) 565-8708
Fax Phone: (303) 882-2224

November 9, 1992

Mr. Richard Allred
Phillips Petroleum Company
5525 Highway 64 NBU 3004
Farmington, New Mexico 87401

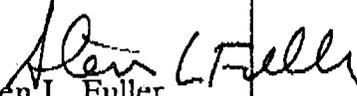
RE: SJ 32-7 Unit No. 238 well pad

Dear Richard:

We conducted the survey for the SJ 32-7 No. 238 well pad on September 2 and 3, 1992 (LAC Report 9246c). Prior to staking the well, the land surveyors and our archaeologist, Maureen Cavanaugh, conducted a general reconnaissance of the legal Fruitland window in the NE 1/4 of T32N, R7W, Section 29. The NE 1/4 of Section 29 is very rugged and the only buildable locations in the Fruitland window were found to be covered with either numerous archaeological sites or one large archaeological site. The cultural phenomena were not mapped as this was a general and brief reconnaissance, but it was apparent that there were no feasible locations for the well pad that were not also covered with archaeological debris.

It was, therefore, our opinion during the initial reconnaissance that the well could not be built in a standard location due to the extensive archaeological remains.

Sincerely,


Steven L. Fuller
Director



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NSU 3004

REGISTERED RETURN RECEIPT REQUESTED

November 5, 1992

376-6625 - phone
1. 806 - 376-5833 - fax

Pantera Energy Company
Fisk Bldg., 724 South Polk
Amarillo, Texas 79101

Re: San Juan 32-7 #236 & #238
Basin Fruitland Coal -
Unorthodox Location
San Juan County, New Mexico

Gentlemen:

Phillips Petroleum Company as Unit Operator of the San Juan 32-7 Unit hopes to drill two additional wells in the unit prior to year end. The permitting of these wells is a critical element. The records reflect that your company is operator of the SW/4 and W/2 SE/4 Section 33, T32N, R7W. This is non unit acreage and substantially removed from our location but the regulation (Rule 104 F(4)) requires waiver from offset operators. Therefore we request your waiver at your earliest convenience. If you examine a topo map you can see that the need for the unorthodox location is based upon terrain conditions. Section 29 is bisected by the river and Section 28 is very rugged.

The proposed unorthodox locations are as follows:

San Juan 32-7 #236	870' FSL & 2008' FWL Sec. 28, T32N, R7W
San Juan 32-7 #238	518' FNL & 2313' FEL Sec. 29, T32N, R7W

If you agree to grant these waivers please sign and return one copy of this letter to the addressee set forth on the enclosed envelope and fax a copy to the undersigned at 599-3442.

Thank you for your kind assistance.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

W. Frank Rulse, III
W. Frank Rulse, III
Land Specialist, CPL
San Juan Basin
(505) 599-3458

11/06/92 11:46

806 376 5833

PANTERA ENERGY

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P.03

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NOV-06-1992 09:16 FROM PHILLIPS FARMINGTON AREA TO

PANTERA ENERGY COMPANY hereby waives objection to Phillips Petroleum Company's application for an unorthodox location for the San Juan 32-7 #236 and #238 as proposed above.

BY: Scott A. Hendrick
A resident

Date: 11/6/92

cc: Mr. William J. Lemay/AMOCB
Richard Allred (x) Gail Bearden



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

REGISTERED RETURN RECEIPT REQUESTED

November 5, 1992

Southland Royalty Company
c/o Meridian Oil Inc.
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attn: Mr. Kent Beers

Re: San Juan 32-7 Well Nos. 236 & 238
Basin Fruitland Coal-Unorthodox
Location
San Juan County, New Mexico

Gentlemen:

Phillips Petroleum Company as Unit Operator of the San Juan 32-7 Unit hopes to drill two additional wells in the unit prior to year end. The permitting of these wells is a critical element. The records reflect that Southland Royalty Company is operator of the W/2 NW/4 Section 21, T32N, R7W. This is non unit acreage and substantially removed from our locations but the regulation (Rule 104 F(4)) requires waiver from offset operators. Therefore we request your waiver at your earliest convenience. If you examine a topo map you can see that the need for the unorthodox location is based upon terrain conditions. Section 29 is bisected by the river and Section 28 is very rugged.

The proposed unorthodox locations are as follows:

San Juan 32-7 #236	870' FSL & 2008' FWL Sec. 28, T32N, R7W
San Juan 32-7 #238	518' FNL & 2313' FEL Sec. 29, T32N, R7W

If you agree to grant these waivers please sign and return one copy of this letter to the addressee set forth on the enclosed envelope and fax a copy to the undersigned at 599-3442.

Thank you for your kind assistance.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

W. Frank Hulse, III

W. Frank Hulse, III
Land Specialist, CPL
San Juan Basin
(505) 599-3458

_____ hereby waives objection to Phillips
Petroleum Company's application for an unorthodox location for the San Juan 32-7
#236 and #238 as proposed above.

BY: _____

Date: _____

cc: Mr. William J. LeMay/NMOCD
Richard Allred (r) Gail Bearden