Release Date: June 8, 1911

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Primary Fuels, Inc. (A Subsidiary of Houston Industries Incorporated)

May 16, 1988 MAY 20 1998

Oil Conservation Commission ATION DIVISION Post Office Box 2088 SANTA FF. Santa Fe, New Mexico 87504-2088 Attn: Mr. David Catanack

RE: Unorthodox location Primary Fuels, Inc - Amoco 19 Federal No. 3Y 1831' FNL & 2577' FEL, Section 19, T22S, R26E Eddy County, New Mexico

Gentlemen:

Primary Fuels respectfully request that the referenced unorthodox location be approved administratively. The well will be a Delaware Sand oil completion requiring a forty acre proration unit. Primary Fuels holds all property offsetting the assigned acreage except the forty acres to the north. This property is held by Exxon. A copy of the certified letter notifying them of this application is enclosed.

Because of topographic considerations, the BLM required well No. 3 to be placed 1780' FNL and 2573' FEL, which is an unorthodox location. The 13-3/8" surface casing was set at 596' and cemented with 650 sacks without difficulty. After drilling out of the 13-3/8" casing, returns were lost and the hole was dry drilled with fresh water to 2190'.

Fifty joints of 8-5/8" 24 lb./ft casing were then run to 2190' and cemented with 525 sacks. While the cement was being pumped, the pressure increased to 1950 psig and 25 feet of casing were forced out of the hole. The top of the cement was determined by a bond log to be at 1430 feet. Holes were perforated in the casing from 1364' - 1366' and a cement retainer was set at 1340'. While cement was being pumped behind the 8-5/8" casing the pressure increased to 1400 psig then fell to 900 psig with circulation between the 4-1/2" drill pipe and the 8-5/8" casing. Attempts to pull the drill pipe out of the hole were unsuccessful.

Free point surveys indicated that the drill pipe was free down to 1124' and the 8-5/8'' casing to 629'. The tubulars were recovered at those depths and side track operations were began.

On March 22, 1988, side track operations were abandoned because of junk in the hole. Under the supervision of the Bureau of Land Management well No. 3 was plugged and abandoned and the rig was skidded 51 feet south and 4 feet west of the No. 3 location.

Page 2 May 16, 1988

Well No. 3Y has subsequently been drilled to 11,350' then plugged back to 2362' for completion in the Delaware Sand. Since the well will not infringe upon the correlative rights of any other oil operator or royalty owner in this formation it is requested that the unorthodox location be approved.

Attached for your information is a topographic map of the area, a lease ownership map, and a certified plat of the 3Y location. If any other information is required, please advise our District office in Midland, Texas.

Yours very truly,

K.W. Harbin Vice President

Attachments

JBS/slc

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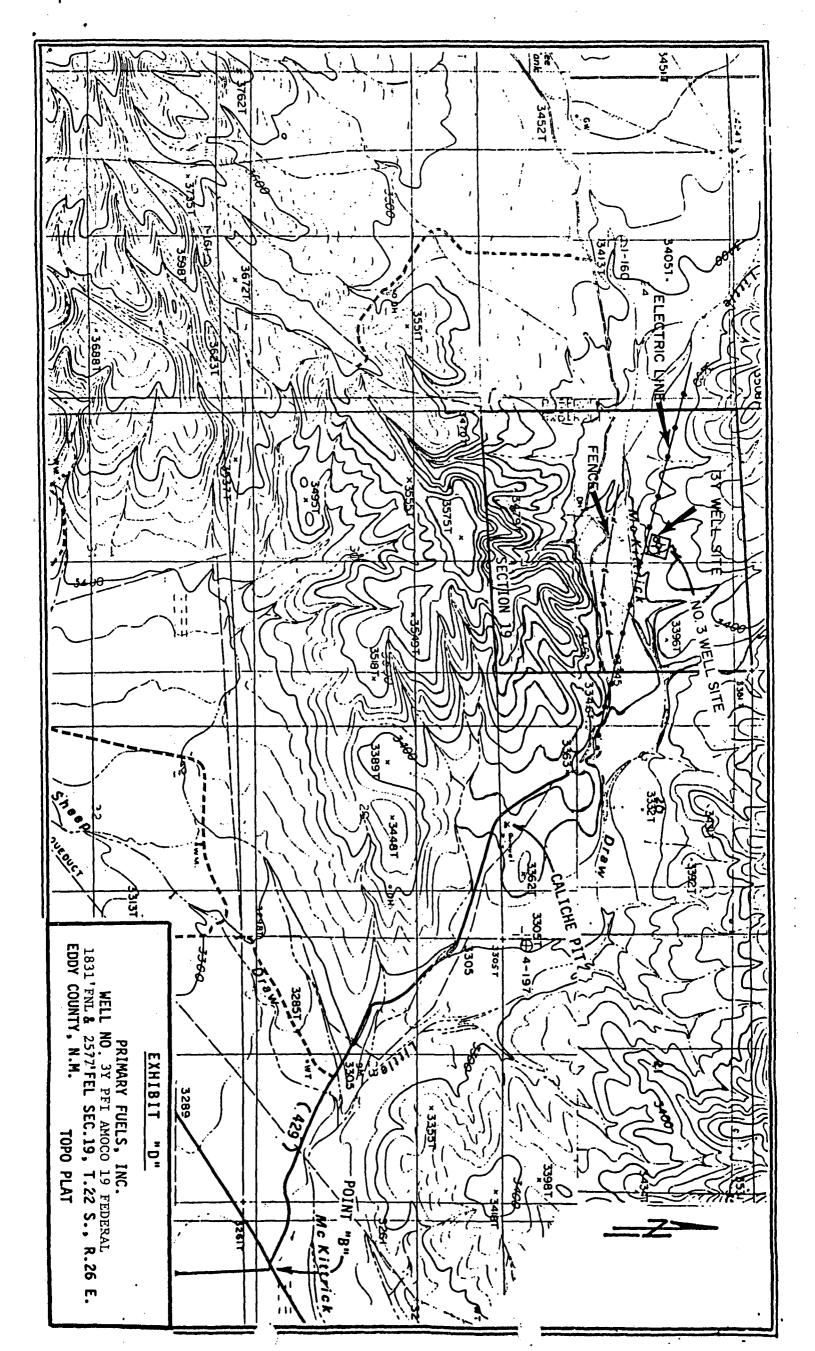
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LEASE OWNERSHIP MAP

PFI - AMOCO 19 FEDERAL NO. 3Y

Sec. 19, T22S, R26E, Eddy Co., New Mexico





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Primary Fuels, Inc. (A Subsidiary of Houston Industries Incorporated)

May 16, 1988

Exxon Corporation Southwest/Rocky Mountain Division P. O. Box 1600 Midland, Texas 79702-1600 Attn: Bill Duncan, Regulatory affairs

Re: Unorthodox location
Primary Fuels, Inc. - Amoco 19 Federal No. 3Y
8131' FNL & 2577' FEL, Sec. 19, T22S, R26E
Eddy County, New Mexico

Gentlemen:

Primary Fuels is requesting administrative approval of the referenced unorthodox location. The well will be completed in the Delaware formation and the assigned acreage will be the SW/4 of the NE/4 of section 19.

Well no. 3, which was required to be placed at an unorthodox location by the Bureau of Land Management, was junked and abandoned on March 22, 1988. The rig was skidded 51 feet south and 4 feet west and the 3Y subsequently drilled.

At this location, well no. 3Y is too near the interior quarter section line. Primary Fuels holds the lease on the property immediately to the west and all other adjoining acreage except the 40 acres to the north. It is our understanding the Exxon has the lease on this property.

It is our belief that the referenced well will not infringe upon your correlative rights. It is, therefore, requested that Exxon execute the enclosed waiver. A self addressed stamped envelope is enclosed for your convenience in returning one copy to this office.

Yours very truly,

K. W. Harbin Vice President

JBS/drp

Enclosure

May 13, 1988

New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501 Attn: Director of Energy and Minerals Division

Re: Unorthodox location
 Primary Fuels, Inc. - Amoco 19 Federal No. 3Y
 1831' FNL & 2577' FEL, Sec. 19, T22S, R26E
 Eddy County, New Mexico

Gentlemen:

Exxon has been advised that Primary Fuels, Inc. is requesting administrative approval of the referenced unorthodox location. This is to advise that Exxon has no objections to approval of the application.

Yours very truly,

Exxon Corporation

By:

Date:_____

JBS/drp

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

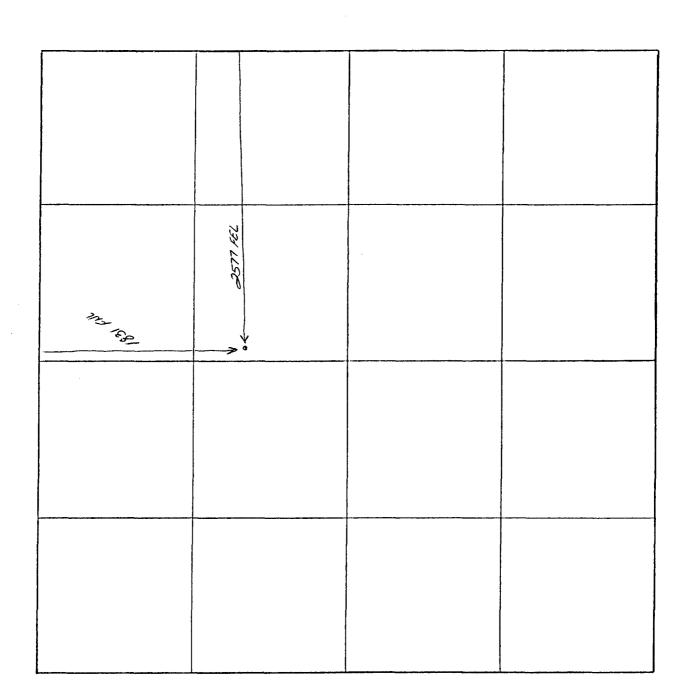
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