

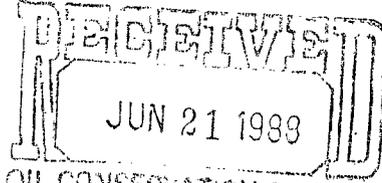
Release Date: June 28, 1988
Waivers in

By [Signature]

OIL PRODUCER

W. A. MONCRIEF, JR.
400 METRO BUILDING
MIDLAND, TEXAS 79701

TELEPHONE 682-1762



June 15, 1988

Mr. David Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

360 FNL Ridge State Well No. 1
1980 FNL, Section 17
320 Pooled N/2 Section 17
Undeagraded Baldridge Canyon Morrow Gas Pool
NSL-2551
RUE-104 (E)

Re: Unorthodox location
N/2 section 17, T24S, R25E
Eddy County, New Mexico

Dear Mr. Catanach:

W. A. Moncrief, Jr. has proposed his #1 Ridge State as an 11,200' Morrow gas test in N/2 N/2 section 17 of T24S, R25E.

The surveyor was advised to stake a legal location in N/2 N/2 of section 17; but discovered that the extremely rough terrain made this impossible. The best spot for a reasonably priced location is 1980' FWL and 360' FNL section 17.

We would like administrative approval to drill this unorthodox location as soon as possible since our lease expires 10-1-88. We have notified the offset operators of our intention to drill this unorthodox location.

Attached is a copy of the topog sheet of the area. Mr. Dan Reddy (surveyor) of Carlsbad, New Mexico advises me that the north line of section 17 is farther south than shown on the topog sheet because the location 660' FNL fell on the south side of the cliff based on the corners he found. I will forward a copy of the C-102 to you as soon as I receive it from the surveyor.

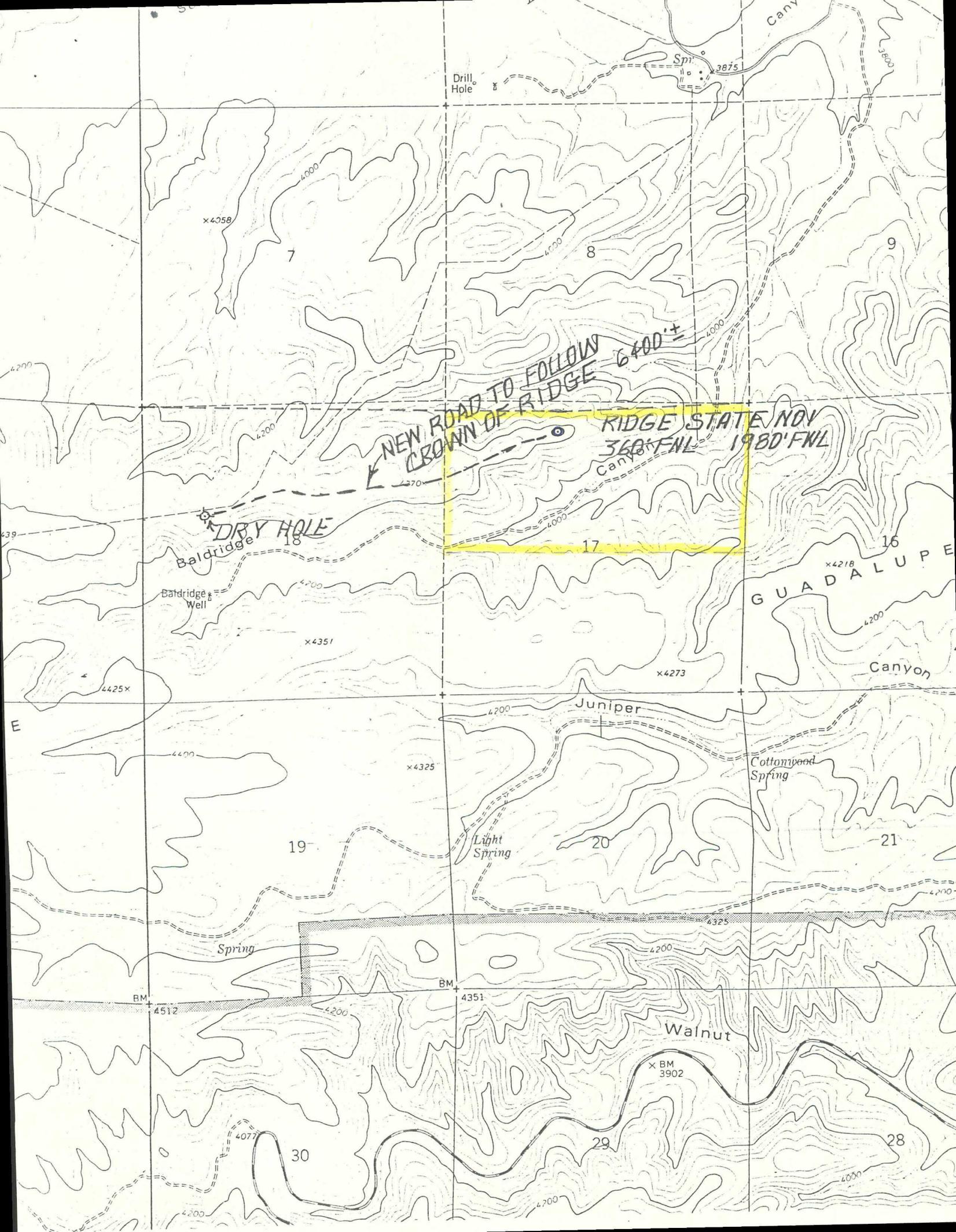
Also attached are the three (3) signed waiver letters by Terra Resources, O' Brien, Goins and Simpson and El Paso (Meridian). I will forward the signed waiver letters from Exxon and Maralo, Inc. as soon as I get them.

Very truly yours,

Dewey E. Thornton

Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.



Drill Hole

Spr

3875

x4358

7

8

9

NEW ROAD TO FOLLOW
CROWN OF RIDGE

6400'

RIDGE STATE NOV
360' FNL 1980' FNL

DRY HOLE

Baldridge

Baldridge Well

x4351

4425x

x4273

GUADALUPE
Canyon

x4218

Juniper

Cottonwood Spring

Light Spring

x4325

19

20

21

Spring

BM

4351

BM

4512

Walnut

x BM 3902

4077

30

29

28

4200

4700

4000

OIL PRODUCER

W. A. MONCRIEF, JR.
400 METRO BUILDING
MIDLAND, TEXAS 79701



June 17, 1988

Mr. David Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

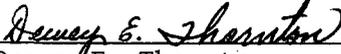
Re: W. A. Moncrief, Jr.
#1 Ridge State
1980' FWL & 360' FNL section 17
T24S, R25E
Eddy County, New Mexico

Dear Mr. Catanach:

Attached is one (1) copy of the form C-102 on the above-referenced un-orthodox location which I recieved from the surveyor today.

We don't know at this time whether Exxon and El Paso will join us, farm out to us or have to be force pooled.

Very truly yours,



Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

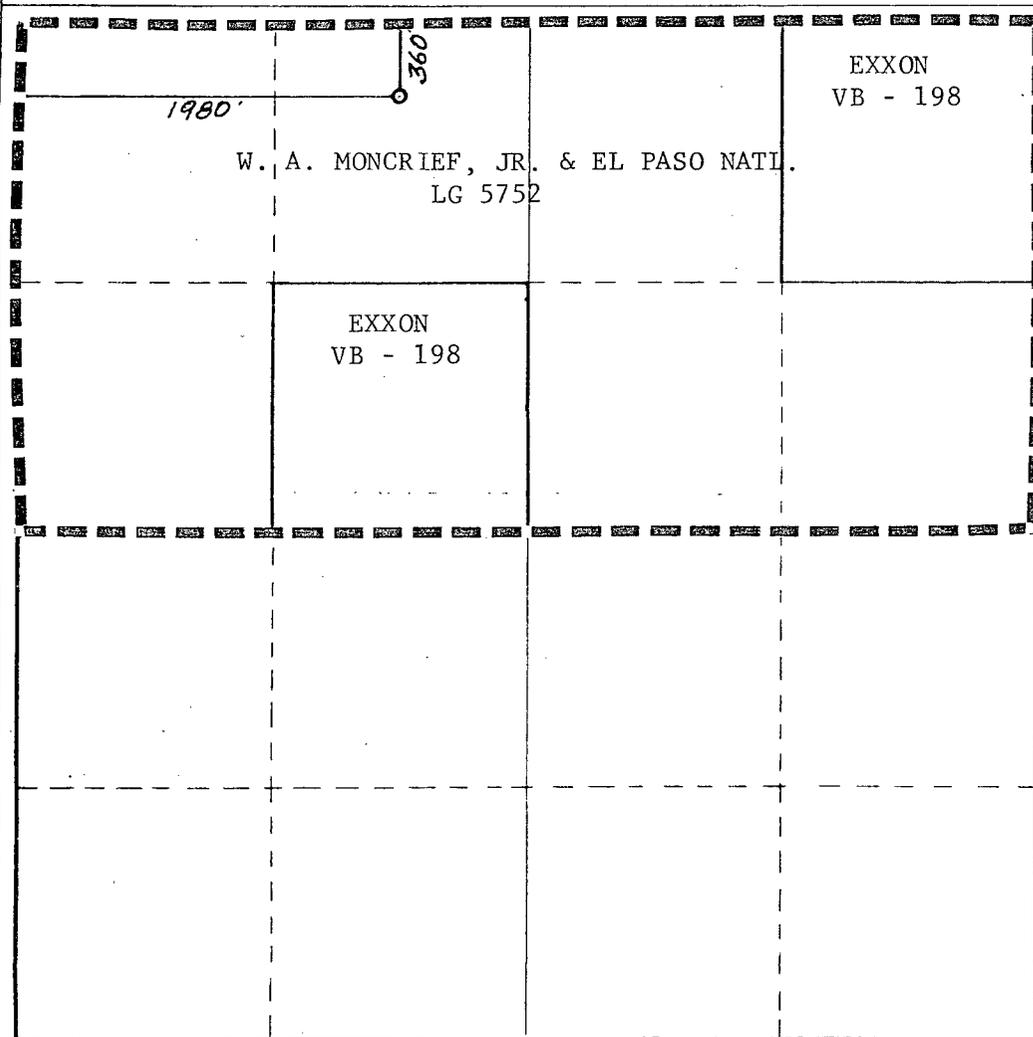
Operator W. A. MONCRIEF, JR.		Lease Ridge State			Well No. 1
Unit Letter C	Section 17	Township 24 South	Range 25 East	County Eddy County, N.M.	
Actual Footage Location of Well: 360 feet from the North line and 1980 feet from the West line					
Ground Level Elev. 4215.	Producing Formation Morrow	Pool Wildcat	Dedicated Acreage: 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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.

Dewey E. Thornton
Name

DEWEY E. THORNTON

Position

EXPLORATION MANAGER

Company

W. A. MONCRIEF, JR.

Date

6-17-88

DAN R. REDDY
NEW MEXICO
PROFESSIONAL ENGINEER
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

June 16, 1988

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.

NM PE&LS NO. 5412

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

June 15, 1988

Kevin Pfister
Terra Resources
10 Desta Drive
Suite 500 West
Midland, Texas 79705Re: W. A. Moncrief, Jr.
#1 Ridge State
N/2 section 17, T24S, R25E
Eddy County, New Mexico

Gentlemen:

W. A. Moncrief, Jr. proposes to drill the #1 Ridge State as an 11,200' Morrow test an an unorthodox location 1980' FWL and 360' FNL of section 17, T24S, R25E due to extremely rough topography. The N/2 section 17 will be the 320 acre proration unit for the proposed test which will evaluate both the Morrow and Strawn formations.

Mr. Moncrief is asking the Oil Conservation Division in Santa Fe for administrative approval to drill this unorthodox location.

If your company, as an offset operator, has no objection to this unorthodox location; please so signify by checking the box at the bottom of this page and return one copy to me at your earliest convenience.

Very truly yours,

Dewey E. Thornton
Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.

Terra Resources Inc as an offset operator, has no objection to the drilling of the above-referenced well as an unorthodox location.

By: Kevin Pfister Position: Sr. Landman Date: June 15 1988

W. A. MONCRIEF, JR.400 METRO BUILDING
MIDLAND, TEXAS 79701

TELEPHONE 682-1762

June 15, 1988

Dennis Sledge
Meridian Oil, Inc. and
El Paso Natural Gas Company
21 Desta Drive
Midland, Texas 79705

Re: W. A. Moncrief, Jr.
#1 Ridge State
N/2 section 17, T24S, R25E
Eddy County, New Mexico

Gentlemen:

W. A. Moncrief, Jr. proposes to drill the #1 Ridge State as an 11,200' Morrow test at an unorthodox location 1980' FWL and 360' FNL of section 17, T24S, R25E due to extremely rough topography. The N/2 section 17 will be the 320 acre proration unit for the proposed test which will evaluate both the Morrow and Strawn formations.

Mr. Moncrief is asking the Oil Conservation Division in Santa Fe for administrative approval to drill this unorthodox location.

If your company, as an offset operator, has no objection to this unorthodox location; please so signify by checking the box at the bottom of this page and return one copy to me at your earliest convenience.

Very truly yours,

Dewey E. Thornton
Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.

El Paso (Meridian Oil, Inc.) as an offset operator, has no objection to the drilling of the above-referenced well as an unorthodox location.

By: A. H. Jamer Position: Reg. Expl. Mgr. Date: 6/15/88

June 15, 1988

Mark Wheeler
Maralo, Inc.
P. O. Box 832
Midland, Texas 79702

Re: W. A. Moncrief, Jr.
#1 Ridge State
N/2 section 17, T24S, R25E
Eddy County, New Mexico

Gentlemen:

W. A. Moncrief, Jr. proposes to drill the #1 Ridge State as an 11,200' Morrow test at an unorthodox location 1980' FWL and 360' FNL of section 17, T24S, R25E due to extremely rough topography. The N/2 section 17 will be the 320 acre proration unit for the proposed test which will evaluate both the Morrow and Strawn formations.

Mr. Moncrief is asking the Oil Conservation Division in Santa Fe for administrative approval to drill this unorthodox location.

If your company, as an offset operator, has no objection to this unorthodox location; please so signify by checking the box at the bottom of this page and return one copy to me at your earliest convenience.

Very truly yours,

Dewey E. Thornton
Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.

MARALO INC. as an offset operator, has no objection to the drilling of the above-referenced well as an unorthodox location.

By: R. A. Lowery Position: Production Manager Date: June 20, 1988
R. A. Lowery

OIL PRODUCER

W. A. MONCRIEF, JR.

400 METRO BUILDING
MIDLAND, TEXAS 79701

TELEPHONE 682-1762

June 15, 1988

Paul Yale
Exxon Company, USA
P. O. Box 1600
Midland, TX 79702

Re: W. A. Moncrief, Jr.
#1 Ridge State
N/2 section 17, T24S, R25E
Eddy County, New Mexico

Gentlemen:

W. A. Moncrief, Jr. proposes to drill the #1 Ridge State as an 11,200' Morrow test at an unorthodox location 1980' FWL and 360' FNL of section 17, T24S, R25E due to extremely rough topography. The N/2 section 17 will be the 320 acre proration unit for the proposed test which will evaluate both the Morrow and Strawn formations.

Mr. Moncrief is asking the Oil Conservation Division in Santa Fe for administrative approval to drill this unorthodox location.

If your company, as an offset operator, has no objection to this unorthodox location; please so signify by checking the box at the bottom of this page and return one copy to me at your earliest convenience.

Very truly yours,

Dewey E. Thornton
Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.

Exxon Corporation as an offset operator, has no objection to the drilling of the above-referenced well as an unorthodox location.

By: James Howell Position: Division Staff Engr. Date: 6/21/88

OIL PRODUCER

W. A. MONCRIEF, JR.

400 METRO BUILDING
MIDLAND, TEXAS 79701

TELEPHONE 682-1762

June 15, 1988

Tom O'Brien
O'Brien, Goins and Simpson
First City Center #2
Suite 1140
Midland, Texas 79701

Re: W. A. Moncrief, Jr.
#1 Ridge State
N/2 section 17, T24S, R25E
Eddy County, New Mexico

Gentlemen:

W. A. Moncrief, Jr. proposes to drill the #1 Ridge State as an 11,200' Morrow test at an unorthodox location 1980' FWL and 360' FNL of section 17, T24S, R25E due to extremely rough topography. The N/2 section 17 will be the 320 acre proration unit for the proposed test which will evaluate both the Morrow and Strawn formations.

Mr. Moncrief is asking the Oil Conservation Division in Santa Fe for administrative approval to drill this unorthodox location.

If your company, as an offset operator, has no objection to this unorthodox location; please so signify by checking the box at the bottom of this page and return one copy to me at your earliest convenience.

Very truly yours,

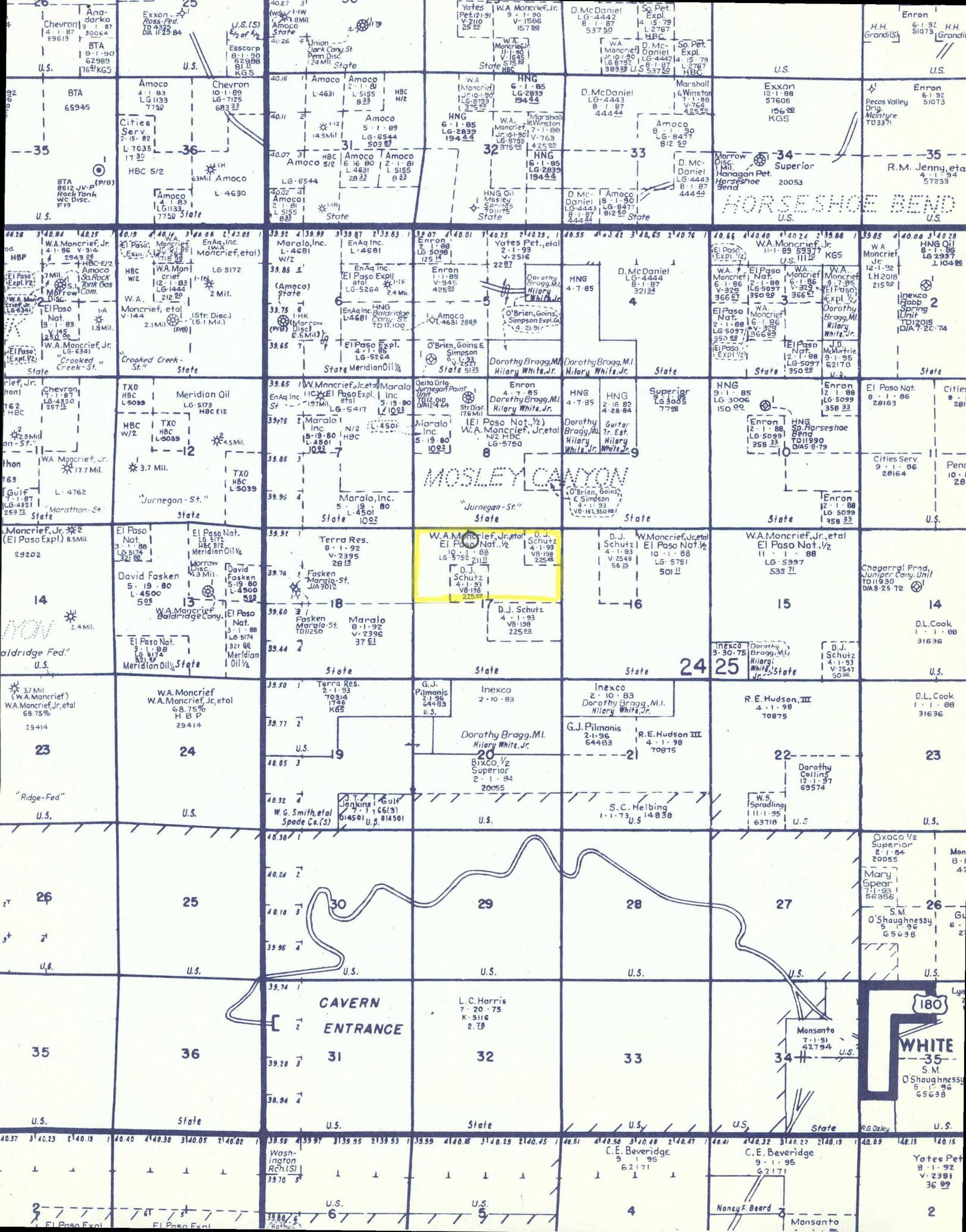
Dewey E. Thornton
Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.

O'Brien Goins Simpson Exploration Co.

by: Tom O'Brien as an offset operator, has no objection to the drilling of the above-referenced well as an unorthodox location.

By: Tom O'Brien Position: Partner Date: 6-15-88



35
Chevron
4-1-87
19613
U.S.

36
Amoco
4-1-83
LG-1133
7750
U.S.

37
Chevron
10-1-89
LG-7125
68333
U.S.

38
Amoco
2-11-81
L-5155
833
U.S.

39
HNG
6-1-85
LG-2839
19424
U.S.

40
D. McDoniel
LG-4442
8-1-87
53790
U.S.

41
So. Pet.
Exp.
4-15-79
L-2767
HBC
U.S.

42
Exxon
12-1-88
57606
KGS
U.S.

43
Enron
6-1-92
51073
H.H. Grandi
U.S.

35
BTA
8-1-90
62989
764 KGS
U.S.

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Amoco
4-1-83
L-1133
7750
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Chevron
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Amoco
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H.H. Grandi
U.S.

HORSESHOE BEND
U.S.

44
W.A. Moncrief, Jr.
4-1-86
V-314
29438
U.S.

45
W.A. Moncrief, Jr.
12-1-83
LG-1444
21220
U.S.

46
EnAq, Inc.
L-4681
W/2
U.S.

47
EnAq, Inc.
L-4681
W/2
U.S.

48
Enron
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V-945
42520
U.S.

49
D. McDoniel
LG-4444
8-1-87
32132
U.S.

50
W.A. Moncrief, Jr.
6-1-86
V-329
36667
U.S.

51
W.A. Moncrief, Jr.
12-1-88
V-350
36669
U.S.

52
W.A. Moncrief, Jr.
12-1-88
V-350
36669
U.S.

MOSLEY CANYON
State

53
Chevron
1-1-87
LG-4320
25712
U.S.

54
Meridian Oil
LG-5173
HBC E12
U.S.

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W.A. Moncrief, Jr.
12-1-83
LG-1444
21220
U.S.

56
EnAq, Inc.
L-4681
W/2
U.S.

57
Enron
1-1-89
V-945
42520
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D. McDoniel
LG-4444
8-1-87
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W.A. Moncrief, Jr.
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W.A. Moncrief, Jr.
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W.A. Moncrief, Jr.
12-1-88
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W.A. Moncrief, Jr.
4-1-86
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63
El Paso Nat.
3-1-88
L-5174
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U.S.

64
Terra Res.
8-1-92
V-2395
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U.S.

65
W.A. Moncrief, Jr.
10-1-88
V-193
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U.S.

66
D.J. Schultz
4-1-93
V-198
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U.S.

67
D.J. Schultz
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V-198
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W.A. Moncrief, Jr.
10-1-88
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W.A. Moncrief, Jr.
11-1-88
L-5997
53571
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D.L. Cook
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W.A. Moncrief, Jr.
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D.J. Schultz
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W.A. Moncrief, Jr.
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D.L. Cook
1-1-88
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CAVERN
ENTRANCE

180
WHITE

98
W.A. Moncrief, Jr.
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U.S.

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El Paso Nat.
3-1-88
L-5174
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D.J. Schultz
4-1-93
V-198
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103
D.J. Schultz
4-1-93
V-198
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104
W.A. Moncrief, Jr.
10-1-88
V-193
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W.A. Moncrief, Jr.
11-1-88
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U.S.

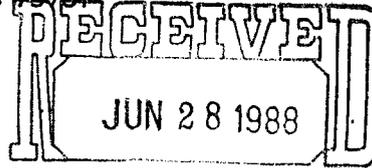
106
D.L. Cook
1-1-88
31636
U.S.

OIL PRODUCER

W. A. MONCRIEF, JR.

400 METRO BUILDING
MIDLAND, TEXAS 79701

TELEPHONE 682-1762



June 24, 1988

OIL CONSERVATION DIVISION
SANTA FE

Mr. David Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: W. A. Moncrief, Jr.
#1 Ridge State
Unorthodox location
1980' FWL & 360' FNL
Sec. 17, T24S, R2SE
Eddy County, New Mexico

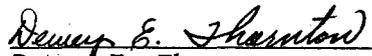
Dear Mr. Catanach:

Attached are signed waiver letters from Exxon and Maralo, Inc. saying they have no objection to Moncrief drilling the above referenced unorthodox location. We now have signed waiver letters from all offset operators.

This should enable you to grant us administrative approval to drill this unorthodox location.

If you need more information or have questions, please call me at 915/682-1762 or 682-5101.

Very truly yours,


Dewey E. Thornton
Exploration Manager

xc: W. A. Moncrief, Jr.