

November 21, 1988

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

ATTENTION: Mr. Michael E. Stogner, Engineer
RE: Application for Unorthodox Well Location
SE/4, Section 21, T16SR35E
Lea County, New Mexico

Dear Mr. Stogner,

In accordance with Rule 104(F)(II) regarding application for approval of unorthodox well locations, please be advised that Destiny Oil & Gas, Inc. seeks approval of its proposed location as indicated on the attached plat. This well will be drilled to a depth of 12,800 feet or a depth sufficient to test the Pennsylvanian System and will be a Morrow Sand test.

In accordance with said Rule 104(F)(II) should you have no objection to our proposed location, please indicate your approval of said location by your signature below. Should you not approve of said location, please indicate by written correspondence to the New Mexico Oil Conservation Division and to all interested parties listed herein.

We request that you reply within 20 days of receipt of said letter in accordance with said rule. Should you not respond within the time period specified above, your failure to respond will be interpreted as your approval of said location.

Should you wish to speak with me regarding this matter, feel free to contact me at the telephone number listed below or by written correspondence at the address indicated below. We would appreciate your prompt consideration to this matter.

Very truly yours,

DESTINY OIL & GAS, INC.

Ted W. Walters
President

*(No other wells
in Unit)*

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

Oil Conservation Division, State of
New Mexico

By: _____
Title: _____

TWW/bw

CC: Fina Oil & Chemical Corp.
6 Desta Drive, Suite 4400
Midland, Texas 79505
Attention: P. Matheson



November 21, 1988

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

ATTENTION: Mr. Michael E. Stogner, Engineer

RE: Geologic conditions resulting in the necessity
for the unorthodox location of 1080' FEL, 1250
FSL, S 1/2, Sec. 21, T165R35E, Lea County, N.M.
Destiny Oil & Gas, Inc., "SHOE BAR PROSPECT"

Dear Mr. Stogner:

GEOLOGIC ABSTRACT:

The primary objective of the Shoe Bar Prospect is the channel sand of the Lower Atokan/Morrowan series, that for simplicity of nomenclature has been called the AMOCO, State 'GH' sand (see enclosed Net Sand Porosity Isopach). In addition, the same has been colored in yellow on the enclosed cross-section AA'. The objective sand has been interpreted as a channel by the mapped depositional-pattern of the sand and by the electric-log characteristic of a general fining upward sequence of flank-channel tests and the blocky log characteristics of the tests in the thalweg of the channel. Although structure influenced the deposition of the channel sand (see enclosed T/Mississippian structure map), the trapping mechanism is stratigraphic. Lateral pinchouts of the sand, with permeability barriers within the channel itself, define the productive limits of the objective sand.

It is our opinion that a location at an orthodox location of 660 FNL or FSL, and 1980' FEL, S 1/2, Sec. 21, T165R35E would result in a dry-hole or in a sub-economic well that would encourage hydrocarbon wastage. We feel that the geology indicates that a location of 1250' FSL, 1080 FEL, S 1/2, Sec. 21 T16SR35E would effectively drain the designated proration unit and reduce the chance of hydrocarbon wastage.

Very truly yours,

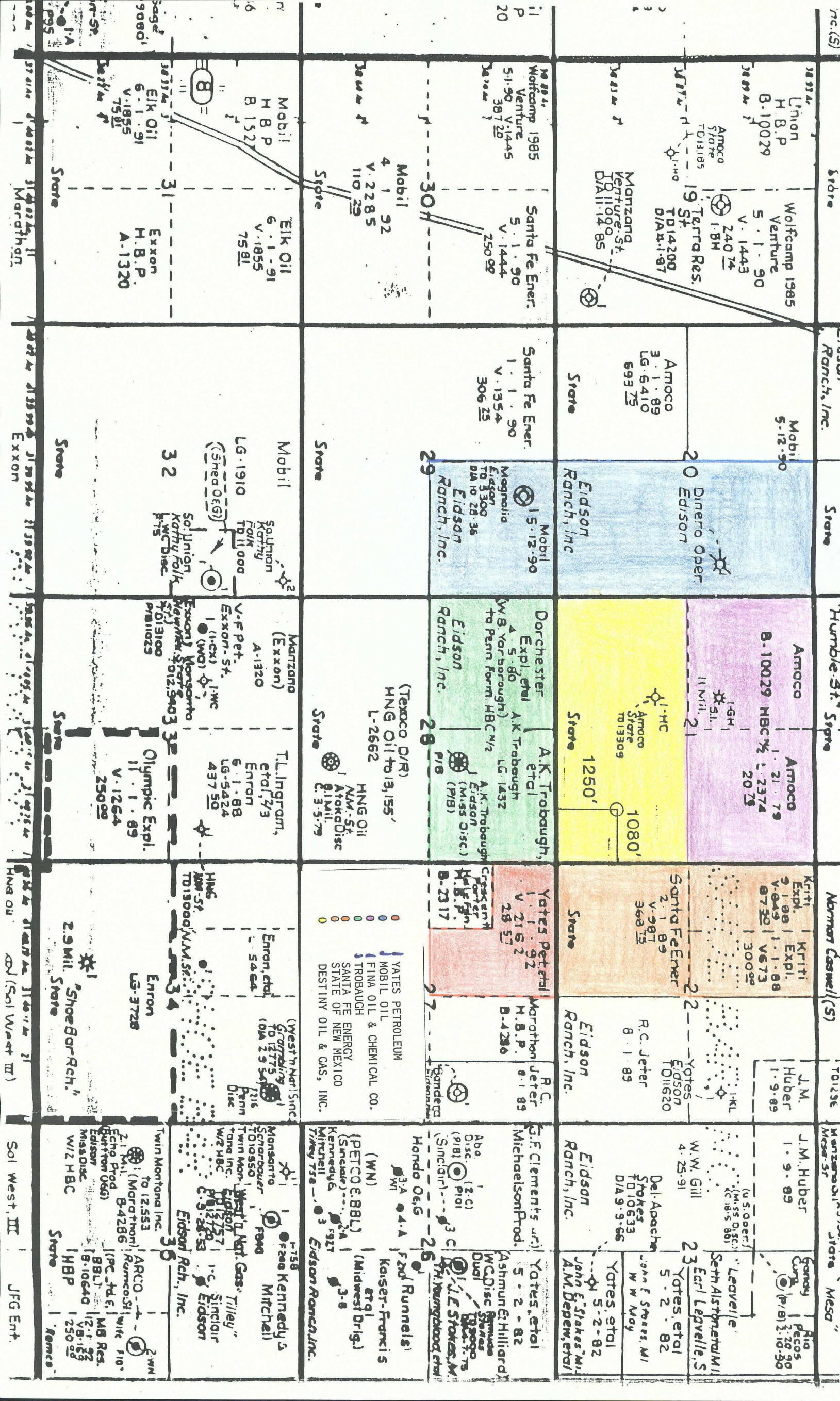
DESTINY OIL & GAS INCORPORATED

Steven M. Jessee
Executive Vice President
Geologist

Enc. - Maps and cross sections were sent to you earlier this month and you have verbally confirmed to me that you received said enclosures.

Destiny Oil & Gas Incorporated 305 Ferrell Place, Suite 200, Tyler, Texas

Tel: (214) 597-9377 MAILING ADDRESS P. O. Box 7486, Tyler, Texas 75711-7486 OFFICES Tyler and Victoria, Texas





November 21, 1988

Fina Oil & Chemical Corp.
6 Desta Drive, Suite 4400
Midland, Texas 79505

ATTENTION: Mr. P. Matheson

RE: Application for Unorthodox Well Location
SE/4, Section 21, T16SR35E
Lea County, New Mexico

Dear Mr. Matheson:

In accordance with Rule 104(F)(II) regarding application for approval of unorthodox well locations, please be advised that Destiny Oil & Gas, Inc. seeks approval of its proposed location as indicated on the attached plat. This well will be drilled to a depth of 12,800 feet or a depth sufficient to test the Pennsylvanian System and will be a Morrow Sand test.

In accordance with said Rule 104(F)(II) should you have no objection to our proposed location, please indicate your approval of said location by your signature below. Should you not approve of said location, please indicate by written correspondence to the New Mexico Oil Conservation Division and to all interested parties listed herein.

We request that you reply within 20 days of receipt of said letter in accordance with said rule. Should you not respond within the time period specified above, your failure to respond will be interpreted as your approval of said location.

Should you wish to speak with me regarding this matter, feel free to contact me at the telephone number listed below or by written correspondence at the address indicated below. We would appreciate your prompt consideration to this matter.

Very truly yours,

DESTINY OIL & GAS, INC.

Ted W. Walters
President

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

Fina Oil & Chemical Corp.

By: _____

Title: _____

TWW/bw

✓CC: State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conversation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088
ATTENTION: Mr. Michael E. Stogner, Engineer



November 10, 1988

Santa Fe Energy
500 W. Illinois
Suite 500
Midland, Texas 79701

ATTENTION: Pat Tower

RE: Application for Unorthodox Well Location
SE/4, Section 21, T16SR35E
Lea County, New Mexico

Dear Mr. Tower:

In accordance with Rule 1207(a)2 regarding applications for approval of unorthodox well locations, please be advised that Destiny Oil & Gas, Inc. seeks approval of its proposed location as indicated on the attached plat. This well will be drilled to a depth of 12,800 feet or a depth sufficient to test the Pennsylvanian System and will be a Morrow Sand test.

In accordance with said Rule 1207(a)2, should you have no objection to our proposed location, please indicate your approval of said location by your signature below. Should you not approve of said location, please indicate by written correspondence to the New Mexico Oil Conservation Division and to all interested parties listed herein.

We request that you reply within 20 days of receipt of said letter in accordance with said rule. Should you not respond within the time period specified above, your failure to respond will be interpreted as your approval of said location.

Should you wish to speak with me regarding this matter, feel free to contact me at the telephone number listed below or by written correspondence at the address indicated below. We would appreciate your prompt consideration to this matter.

Very truly yours,

DESTINY OIL & GAS, INC.

Ted W. Walters
President

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

Santa Fe Energy

By: _____
Title:

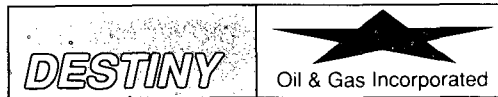
TWW/bw

CC: Yates Petroleum Corporation
105 S. Fourth
Artesia, N.M. 88210
ATTENTION: Mr. Randy Patterson

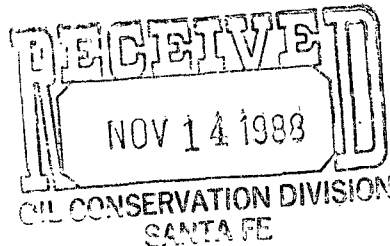
Trobaugh Properties
4305 North Garfield
Suite 233
Midland, TX 79705
ATTENTION: Ms. Georgia Trobaugh

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253
ATTENTION: Mr. Tim Custer

Oil Conservation Division
Energy, Minerals and Natural Resources Department
P. O. Box 2088
Santa Fe, New Mexico 87504-2088
ATTENTION: Mr. David Catanach, Engineer



November 10, 1988



Mr. David Catanach, Engineer
Oil Conservation Division
Energy, Minerals and Natural Resources Dept.
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Application for Unorthodox Well Location
SE/4, Section 21, T16SR35E
Lea County, New Mexico

Dear Mr. Catanach:

In accordance with my previous telephone conversations with you, attached hereto you will find copies of letters requesting approval of the above captioned location to the parties owning offset acreage positions.

We are also enclosing herein a structure map drawn on the top of the Mississippian, a Net Sand, Porosity Isopach, and a Cross Section of the prospect.

If you have any questions regarding any of the enclosed materials, feel free to contact me by phone or correspondence to the address captioned below.

Very truly yours,

DESTINY OIL & GAS INCORPORATED

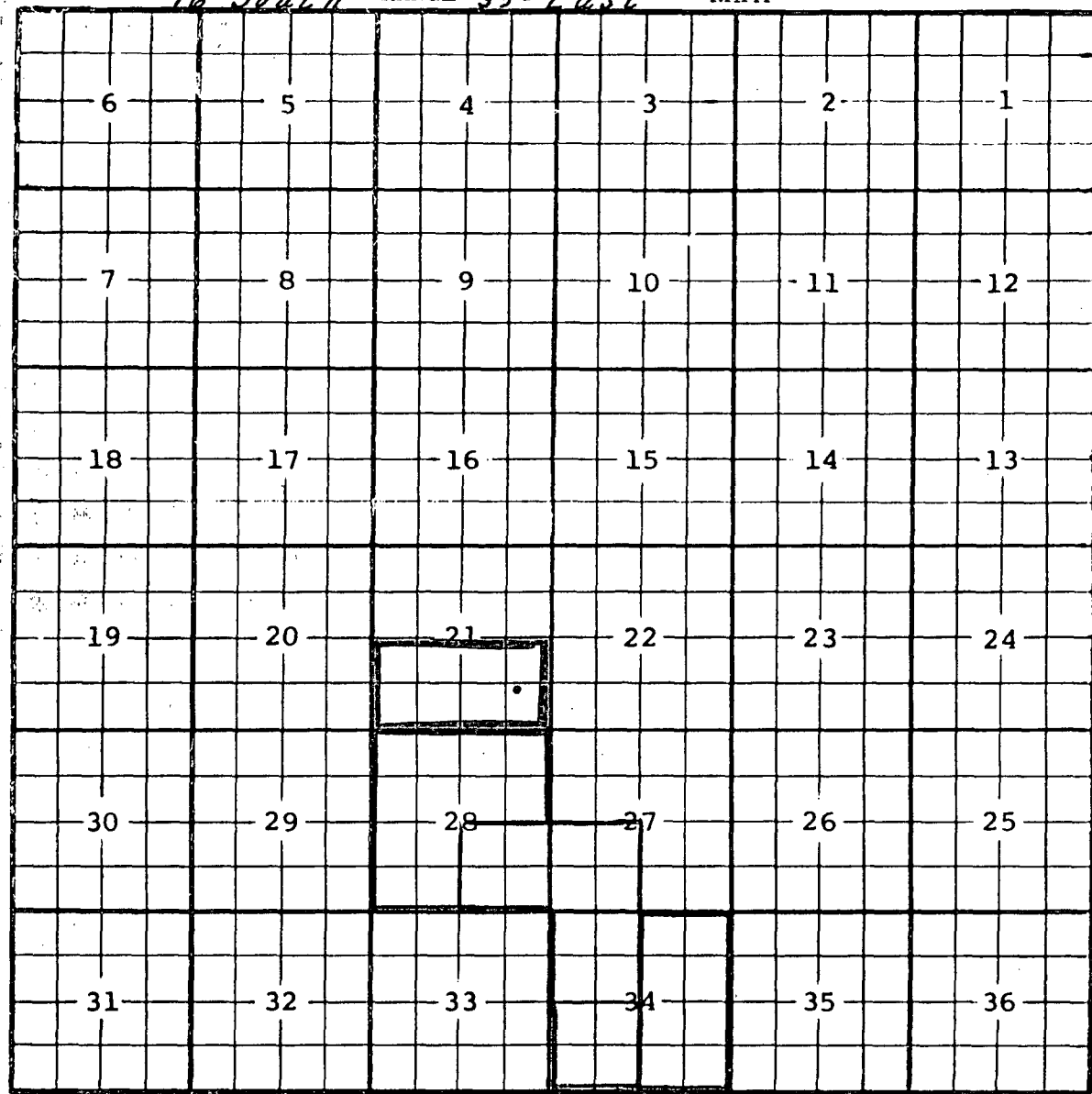
A handwritten signature in dark ink, appearing to read "Ted W. Walters". The signature is fluid and cursive, with a large initial "T" and "W".

Ted W. Walters
President

TWW/bw

Enc.

COUNTY Lee POOL Shoe Bar-Atoka Gas
TOWNSHIP 16-South RANGE 35-East NMFM



Description: $\frac{1}{2}$ Sec. 34, (R-713, 11-10-55)
Contract vertical limits to include Atoka formation only
and redesignate as Shoe Bar-Atoka Gas Pool; Ext. $\frac{SW}{4}$ Sec. 34
(R-6033, 6-26-79)
Ext. $\frac{SW}{4}$ Sec. 27, $\frac{SE}{4}$ Sec. 28, $\frac{NW}{4}$ Sec. 34 (R-6169, 11-2-79)
Ext. $\frac{N}{2}$ and $\frac{SW}{4}$ Sec. 28 (R-6476, 9-29-80)

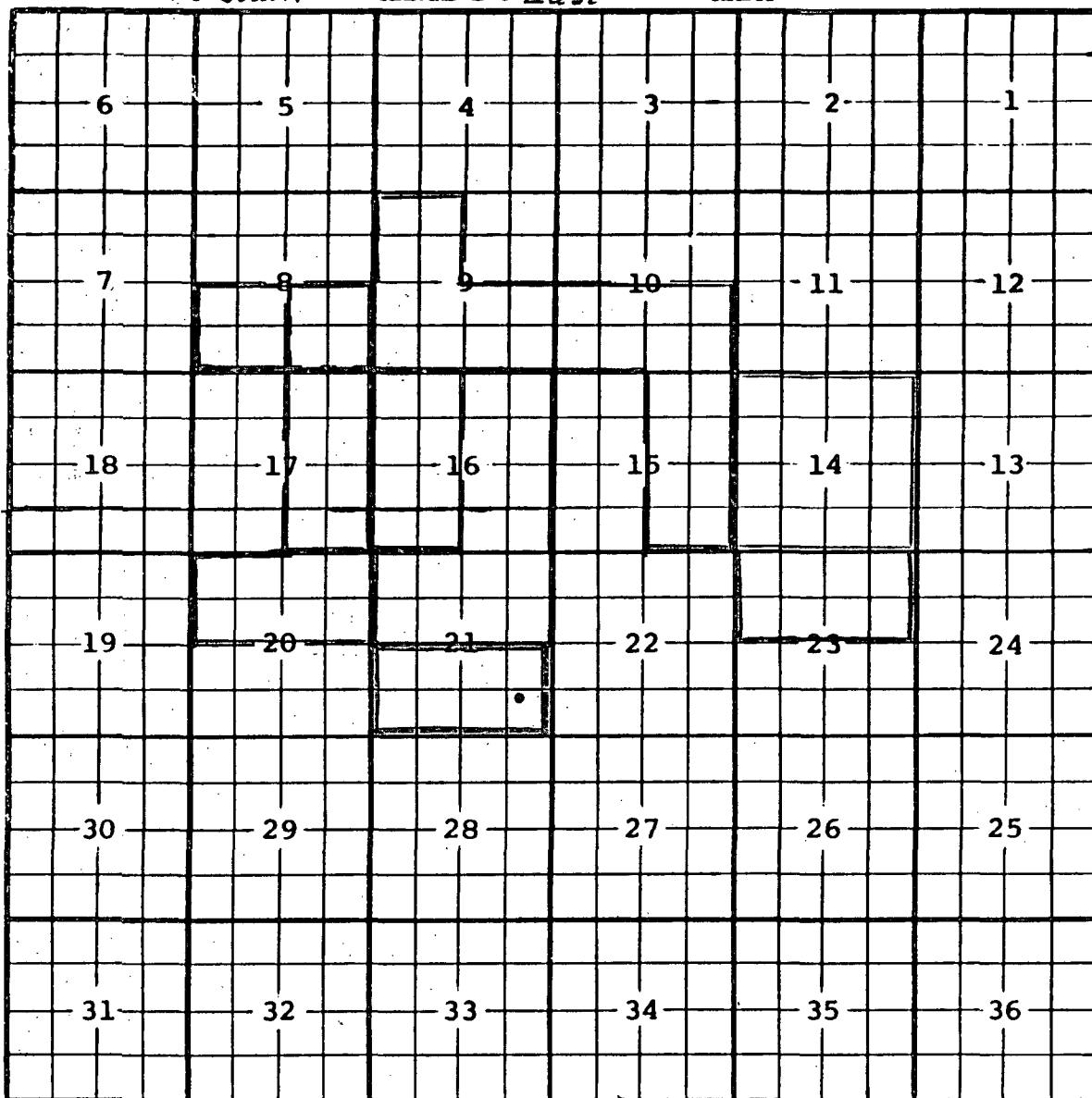
COUNTY Lea POOL Townsend-Morrow Gas

POOL Townsend-Morrow Gas

TOWNSHIP 16 South

RANGE 35 East

NMPM



Description: SE/4 Sec. 8 (R-4014, 9-1-70)

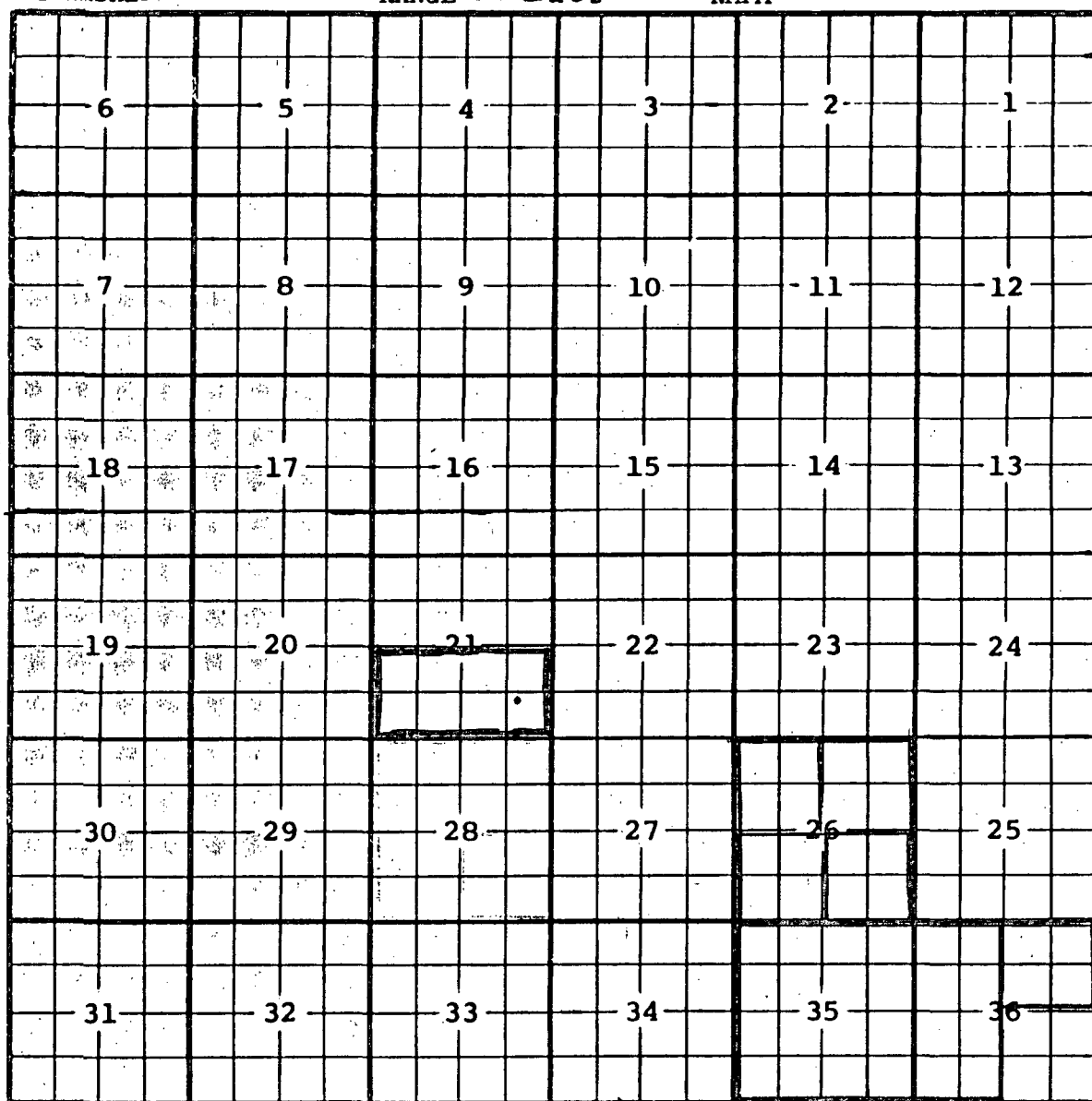
Description: SE/4 Sec. 8 (R-4014, 9-1-70)
Ext: $\frac{SW}{4}$ Sec. 8 (R-4041, 11-1-70) - $\frac{W}{2}$ & $\frac{SE}{4}$ Sec. 9; $\frac{S}{2}$ Sec. 10; $\frac{E}{2}$ Sec. 15 (R-4304, 6-1-72)
- $\frac{E}{2}$ Sec. 17 (R-4351, 8-1-72) - $\frac{W}{2}$ Sec. 16 (R-4423, 11-1-72)

Ext: All Sec. 14 (R-4809, 6-18-74) Ext: E/2 Sec. 16, N/2 Sec. 21 (R-6005, 6-1-79)

Ext: $\frac{N}{2}$ Sec 20 (A-6657, 4-20-81) EXT: $\frac{N}{2}$ sec 23 (R-6876, 1-22-82)

COUNTY *Lea*POOL *Shoe Bar - Pennsylvanian**Oil Pool 40 acres*TOWNSHIP *16 South*RANGE *35 East*

NMPM



Description: - All Sec. 35; $\frac{1}{4}$ Sec. 36 (E-460, 5-19-54)

Ext: $\frac{1}{4}$ Sec. 26 (R-1441, 8-1-59) - $\frac{1}{4}$ Sec. 26 (R-2062, 10-1-61)

- $\frac{1}{4}$ Sec. 26 (R-2139, 1-1-62) - $\frac{1}{4}$ Sec. 26 (R-3152, 12-1-66) - $\frac{1}{4}$ Sec. 36 (R-3818, 9-1-69)

COUNTY Lea

POOL

North^{est} Shoe Bar - PennsylvaniaStrawn oil
(R-6876, 1-22-82)

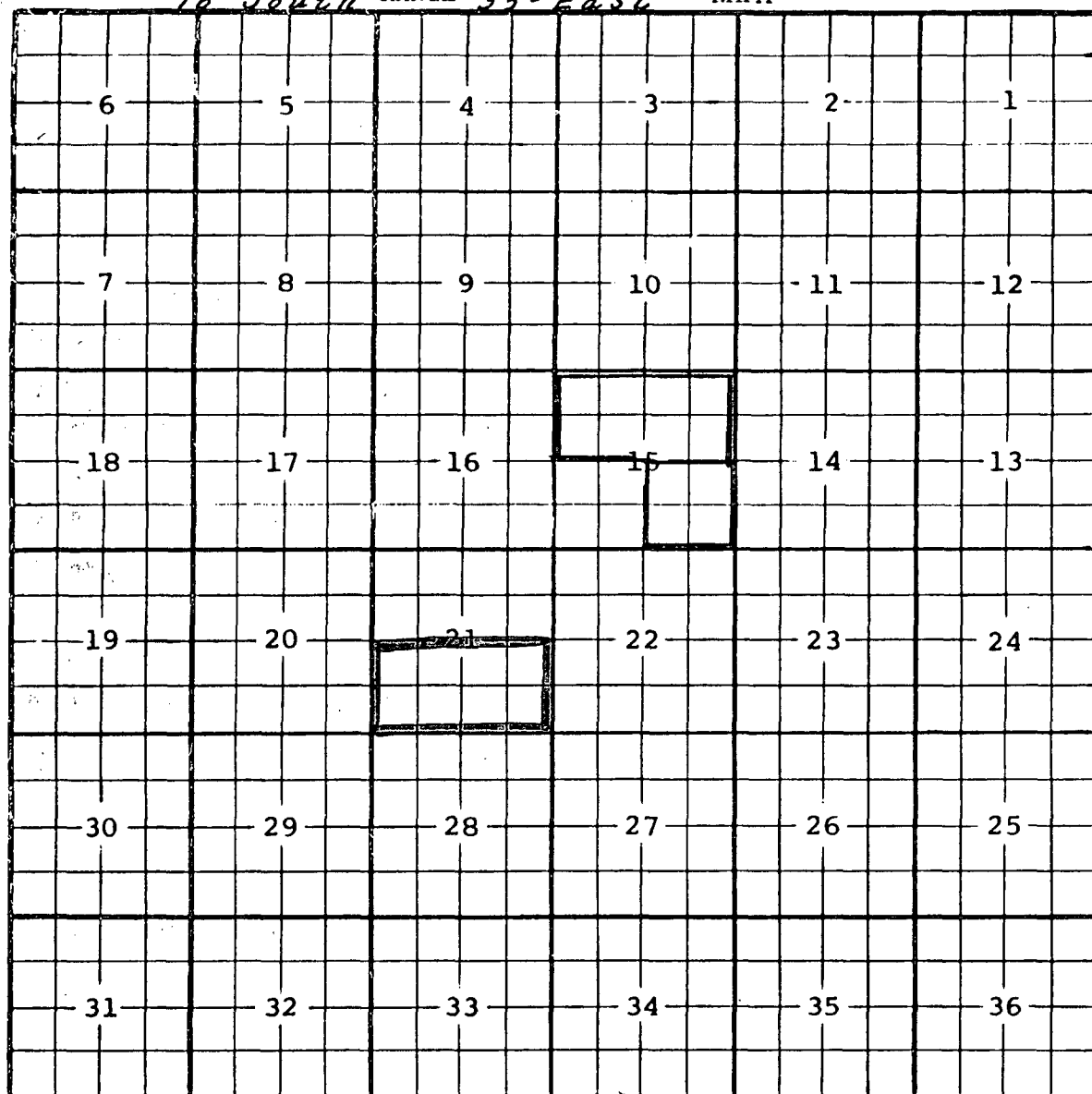
TOWNSHIP

16-South

RANGE

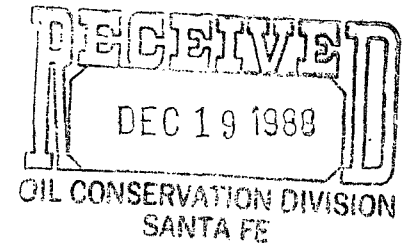
35-East

NMFM

40AwnDescription: $\frac{SE}{4}$ Sec. 15; (R-1283, 12-1-58)Ext: $\frac{N}{2}$ Sec. 15 (R-8356, 12-3-86)



December 15, 1988



Mr. David Catanach, Engineer
Oil Conservation Division
Energy, Minerals & Natural Resources Dept.
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Application for Unorthodox Well Location
 SE/4, Section 21, T16SR35E
 Lea County, New Mexico

Dear Mr. Catanach:

Enclosed please find copies of approval of the above captioned application from Trobaugh Properties, Fina Oil & Chemical Company, Yates Petroleum Corporation and Mobil Exploration & Producing U.S. Inc.

I spoke with Mr. Pat Tower, Landman, Santa Fe Energy on December 14 and was given verbal approval from Santa Fe; we will forward their waiver to you as soon as we receive it.

Should you have any questions, please feel free to contact me at my office here in Tyler.

Very truly yours,

DESTINY OIL & GAS INCORPORATED

Ted W. Walters
President

TWW/bw

Enclosures

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

Henry C. Ingram
Trobaugh Properties
By: Superintendent
Title:

TWW/bw

CC: Santa Fe Energy
500 W. Illinois
Suite 500
Midland, Texas 79701
ATTENTION: Mr. Pat Tower

Yates Petroleum Corporation
105 S. Fourth
Artesia, N.M. 88210
ATTENTION: Mr. Randy Patterson

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253
ATTENTION: Mr. Tim Custer

Oil Conservation Division
Energy, Minerals and Natural Resources Department
P. O. Box 2088
Santa Fe, New Mexico 87504-2088
ATTENTION: Mr. David Catanach, Engineer

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

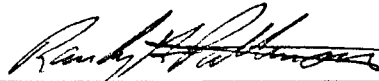
FINA OIL AND CHEMICAL COMPANY

By: Thomas M. Wadsworth
Title: Attorney-in-Fact

TWW/bw

CC: State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conversation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088
ATTENTION: Mr. Michael E. Stogner, Engineer

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.



Yates Petroleum Corporation

By: Attorney-in-Fact

Title:

TWW/bw

CC: Santa Fe Energy
500 W. Illinois
Suite 500
Midland, Texas 79701
ATTENTION: Mr. Pat Tower

Trobaugh Properties
4305 North Garfield
Suite 233
Midland, TX 79705
ATTENTION: Ms. Georgia Trobaugh

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253
ATTENTION: Mr. Tim Custer

Oil Conservation Division
Energy, Minerals and Natural Resources Department
P. O. Box 2088
Santa Fe, New Mexico 87504-2088
ATTENTION: Mr. David Catanach, Engineer

Destiny Oil & Gas, Inc.

Page 2

We approve the unorthodox well location in the S/2 of Section T16SRR35E as indicated on the attached plat by virtue of our signature below.

BY: 

December 08, 1988

M. E. Sweeney - Env. & Reg. Manager

Title:

Mobil Exploration & Producing U.S. Inc.
as Agent for

Mobil Producing Texas & New Mexico Inc.

TWW/bw

CC: Fina Oil & Chemical Corp.
6 Desta Drive, Suite 4400
Midland, Texas 79505
Attention: P. Matheson

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088
Attention: Mr. Micheal E. Stogner

<p>2-ETA (2) V-F Pet Humble- Townsend "Hulda Townsend" E.L. Harrod, S Hulda Townsend 1761</p>	<p>(18) T/A Chevron F426 F303 J&J Serv E-7648 Sun State F25 (WO) S.I.</p>	<p>Mobil B-10629 "26"</p>	<p>H.E. Yates 3-1-92 V-2218 78 98</p>	<p>Simmons J.T. 1010714 Carlisle R. Burns 1012111 V.R. Hilburn</p>
<p>(Exxon) Humble State TO10691 D/A1-2-56 1-A Tom Brown 3/4 to 2,060'</p>	<p>(VF Pet.) A.K. Trobaugh, Kennedy Mitchell Edison 56-959 Edison Ranch, Inc. Kennedy Mitchell etal 10-95 5-28-85 A.J. Blackman F.J. Danglade, etal Norman Caswell (S)</p>	<p>V-F Pet. 12-22-71 P.A. Carter L. Nichols G.W. Nickson, etal V-F Pet. Danglade Dev Disc V-F Pet. Sinclair Blackman TO1296</p>	<p>Mesa & Bleasoe Pet. L 5489 HBP Bledsoe Pet. HBC Kennedy Mitchell etal TO12050 Mesa Pet. R.M. Edsel TO10,700 "Mansanto St." Bledsoe Pet. R.M. Edsel TO10,700 Mansanto Oil Mesa St</p>	<p>Bledsoe Pet. HBP K-5353 TO12050 Mansanto Oil TO10,700 R.M. Edsel Mesa Pet. TO10,700 "Mansanto St." Bledsoe Pet. R.M. Edsel TO10,700 Mansanto Oil Mesa St</p>
<p>Amoco B-10029 HBC Fina S.I. 11 Mil. 1-HC Amoco State TO13309 1080' 1250'</p>	<p>Amoco 21-79 L 2374 2075 Kriti Expl. 9-1-88 V-849 8750 V673 30000 Santa Fe Ener 2-1-89 V-987 36875 State</p>	<p>J.M. Huber 1-9-89 Yates Edson TO11620 R.C. Jeter 8-1-89 Eidson Ranch, Inc.</p>	<p>J.M. Huber 1-9-89 W.W. Gill 4-25-91 Del-Apache Stakes TO10633 D/A 9-9-66 Eidson Ranch, Inc.</p>	<p>Gandy Corp. Rio Pecos 2-10-80 Leavelle Seth Alston, etal Earl Leavelle, S Yates, etal 5-2-82 John E. Stokes, MI W.W. May Yates, etal 5-2-82 John E. Stokes, MI A.M. Depew, etal</p>
<p>Dorchester Expl. etal 4-5-80 A.K. Trobaugh LG 1432 W.B. Yarborough to Penn. Form. HBC 1/2 Eidson Ranch, Inc. 28 (Texaco D/R) HNG Oil to 13,155' L-2662 HNG Oil N.M. St. Atoka Disc 8.1 Mil. C. 3-5-79 State</p>	<p>A.K. Trobaugh, etal A.K. Trobaugh LG 1432 A.K. Trobaugh Edson (Miss Disc.) (P/B) P/B Yates Pet. etal 1-1-92 V 2162 28 57 Crescent Porter H.B.P. B-2317 Disc. Oper. N.M. St. TO 13,022 State</p>	<p>Marathon H.B.P. B-4286 J.M. Huber Corp. HBP L-5464 11 41 Eidson Ranch, Inc. State</p>	<p>G.F. Clements Jr. Michaelson Prod. Abc. Disc. (P/B) (2-C) P101 (Sinclair) Hondo Oe, G 3-A WI 4-A (WN) (PETCO E.88L) (Sinclair) Kennedy & Mitchell Tilley Tsa 26 Runnels Kaiser-Francis etal (Midwest Drig.) 3-8 Eidson Ranch Inc.</p>	<p>Yates, etal 5-2-82 Ashmun & Hilliard WC Disc Remuda Stakes Dual TO 9000 D/A 7-75 J.E. Stokes, M. H. Youngblood, etal 26 Runnels Kaiser-Francis etal (Midwest Drig.) 3-8 Eidson Ranch Inc.</p>
<p>Manzana (Exxon) A-1320 V-F Pet. Exxon-St. 1 (1-CX) 1 (WO) 1 WC Exxon) Monsanto New Mex. State TO13100 P/B 11029</p>	<p>T.L. Ingram, etal, 7/3 Enron 6-1-88 LG-5424 437 50 HNG NM-St. TO13000 N.M. St. 34 Enron</p>	<p>(West'n Nat) Sinc. Grambling TO 12775 (OIA 2-9-54) 216 Penn Disc Twin Montana Inc. TO 12757 W2 HBC C-3-28-53 Eidson Rch., Inc. 36 Twin Montana Inc. to 12,553</p>	<p>Monsanto Scharbauer TO10550 Twin Montana Inc. TO 12757 W2 HBC C-3-28-53 Eidson Rch., Inc. 36 Twin Montana Inc. to 12,553</p>	<p>1-758 F24a Kennedy & Mitchell F840 West'n Nat. Gas Tilley Sinclair Eidson 36 Twin Montana Inc. to 12,553</p>