

August 9, 1995

New Mexico Oil Conservation Division
District 1
P.O. Box 1980
Hobbs, New Mexico 88240
Attn. Mr. Jerry Sexton

Re: Royal State # 1
2210' FSL & 1310 FEL
Sec. 33, T-17-S, R-35-E
Lea County, New Mexico

Case
11316

Dear Jerry:

Marathon has identified a possible Blinebry structure as a result of a 3 - D seismic shoot and proposes to drill the above referenced well. This Blinebry structure is relatively small and the Geologists are requesting a 50' target window. The preferred location for this prospect is at 2310' FSL & 1310' FEL but due to the congested arrangement of various Phillips Petroleum Company lines the location was moved 100' South to accommodate a drilling rig and to minimize any danger to the high pressure lines.

On July 13, 1995 Marathon testified at a hearing in Santa Fe for an unorthodox location at 2210' FSL & 1310' FEL. We inadvertently did not request permission for an intentionally deviated well to the desired BHL of 2310' FSL & 1310' FEL. The application to drill, submitted to your office on June 21, 1995, also does not reflect our desired BHL. It is my understanding that if we requested approval to intentionally deviate the well it would require another hearing and possibly a delay of 2 - 3 months. We are told that we can expect an order from Santa Fe in the next 2 -3 weeks and wish to begin drilling operations shortly thereafter.

I would like to know, if after the examiners grant approval to the unorthodox surface hole location, you would be willing to grant administrative approval to allow Marathon to intentionally deviate the well 100' North to the desired BHL of 2310' FSL & 1310' FEL. We would like to avoid the additional expense and time that may be required for an additional hearing. I understand that we would have to re-file the C-101 and surveyors plat to reflect the intended target.

Attached, please find two surveyors plats indicating the previously mentioned surface and bottom hole locations and the proposed pad lay-out relative to the Phillips lines. Please review this information at your earliest convenience and contact me at the phone number below. Your help in this matter will be greatly appreciated.

Very truly yours,



Walter J. Ducease
(800) 351 - 1417