

## PADILLA &amp; SNYDER

ATTORNEYS AT LAW

200 W. MARCY, SUITE 216

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

FACSIMILE: (505) 988-7592

TELEPHONE: (505) 988-7577

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

ENRON EXHIBIT NO. 24  
CASE NO. 108

September 24, 1993

ARCO Oil & Gas Company  
P. O. Box 1610  
Midland, Texas 79702  
Attn: John Lodge

(via fax)

El Paso Production Company  
C/O Meridian Oil, Inc.  
P. O. Box 51810  
Midland, Texas 79701-1810  
Attn: Dennis Sledge

(via fax)

Camterra Resources, Inc.  
Five Post Oak Park  
Suite 1500  
Houston, Texas 77027  
Attn: Gary Pitts

(via fax)

Re: Enron Cedar Lake 35 Federal Com #2  
990 FSL & 990 FEL  
Section 35, T17S-R30E  
Eddy County, New Mexico  
OCD Case No. 10827

Dear Gentlemen:

This letter acknowledges the agreement reached this morning by and among your respective companies and Enron Oil & Gas Company (Enron) relative to the pending application before the New Mexico Oil Conservation Division of Enron for an unorthodox gas well location. The agreement is as follows:

- (1) Enron shall accept a production limitation factor of 70% (30% penalty factor) on the above-referenced well to be applied against the well's ability to produce as determined by deliverability tests conducted on the well on a bi-annual basis. The deliverability tests shall be conducted after notice has been provided to the supervisor of the

05/31/1988 08:26 FROM

TO 19136085258

P.03

*JE* \* which includes but is not limited to copies of all logs, core analysis, tests, daily drilling reports, and any other information'.

Artesia district office of the New Mexico Oil Conservation Division and to ARCO Oil and Gas Company (ARCO), and a reasonable opportunity is provided to each to witness such test.

(2) Enron shall supply to ARCO the drilling <sup>completion,</sup> and production information\* obtained from its proposed referenced well. *JE*

(3) ARCO will not propose a well in Section 36, T17S-R30E, Eddy County, New Mexico until Anadarko Petroleum Corporation's Power Fed Com #2 well located in Unit I, Section 26, T17S, Range 30E, Eddy County, New Mexico and Enron's proposed well are completed or March 1, 1994 whichever occurs first.

If the foregoing meets with your approval please sign in the space provided below and send us today, via facsimile, a signed copy of this letter.

Very truly yours,

*Ernest N. Padilla*  
Ernest N. Padilla

ELP/mg

cc: Ernest Carroll, Esq.  
Enron Oil & Gas Company

AGREED TO AND ACCEPTED THIS 24TH DAY OF SEPTEMBER, 1993.

ARCO Oil &amp; Gas Company

By: *William E. Linder*Title: *Senior Landman*

El Paso Production Company  
C/O Meridian Oil, Inc.

By: Meridian Oil, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Camterra Resources, Inc.

**PADILLA & SNYDER**  
ATTORNEYS AT LAW  
200 W. MARCY, SUITE 216  
P.O. BOX 2823  
SANTA FE, NEW MEXICO 87504-2523

FACSIMILE: (505) 988-7392  
TELEPHONE: (505) 988-7577

September 24, 1993

ARCO Oil & Gas Company (via fax)  
P. O. Box 1610  
Midland, Texas 79702  
Attn: John Lodge

El Paso Production Company (via fax)  
C/O Meridian Oil, Inc.  
P. O. Box 51810  
Midland, Texas 79701-1810  
Attn: Dennis Sledge

Camterra Resources, Inc. (via fax)  
Five Post Oak Park  
Suite 1500  
Houston, Texas 77027  
Attn: Gary Pitts

Re: Enron Cedar Lake 35 Federal Com #2  
990 FSL & 990 FEL  
Section 35, T17S-R30E  
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Very truly yours,

*Ernest V. Padilla*  
Ernest V. Padilla

ELP/mg

cc: Ernest Carroll, Esq.  
Enron Oil & Gas Company

AGREED TO AND ACCEPTED THIS 24TH DAY OF SEPTEMBER, 1993.

ARCO Oil & Gas Company

By: *John E. Lodge*

Title: *Senior Landman*

El Paso Production Company  
C/O Meridian Oil, Inc.

By: Meridian Oil, Inc.

By:

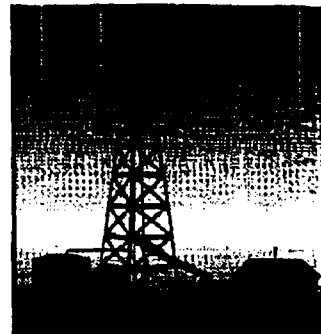
Title: \_\_\_\_\_

Camterra Resources, Inc.

By: *Larry R. Hatt*

Title: *Exec Vice Pres*

## Camterra Resources, Inc.



September 22, 1993

**VIA TELEFAX 9/22/93 AND  
HAND DELIVERED 9/23/93**

Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Attention: Robert Stovall, General Council

Re: Enron Cedar Lake 35 Federal Com #2  
990 FSL & 990 FEL  
Section 35, T17S-R30E  
Eddy County, New Mexico

Gentlemen:

At approximately 4:00 p.m. on September 21, 1993, Enron Oil & Gas Company notified Camterra Resources, Inc. that a prehearing had been set for 1:30 p.m. on September 22, 1993 to hear arguments from Enron and Arco regarding Enron's exception location (990 FSL and 990 FEL, Section 35, T17S-R30E). Due to the short notification time and scheduling difficulties, Camterra will be unable to have any representation present at the prehearing; however, Camterra will have a representative at the originally scheduled hearing set for Thursday, September 23, 1993.

It is Camterra's expressed desire to inform all concerned that as an interested party and mineral lessor with a 37.5% Working Interest in S/2 Section 35 that Camterra unanimously supports Enron's unorthodox proposed location. Interpretation of Camterra's subsurface mapping shows that the Morrow sand, which Mewborne is currently producing from, (Section 2, T18S-R30E) is present in the SE/4 of Section 35 and can most effectively and efficiently be drilled and produced by drilling a location at 990 FSL & 990 FEL of Section 35. Camterra's interpretation also shows very little to no sand in Section 36 and objects not only to Arco's reasoning and protest of the proposed Enron location but as to why their protest of this proposed location has not come forth until the last week prior to hearing.

Oil Conservation Commission  
Robert Stovall, General Council  
September 22, 1993  
Page 2

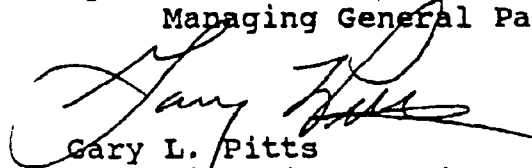
Camterra sees this action as a delay and should this location not be approved, it only allows Mewborne to drain even more reserves currently under lease by Camterra.

In summary, Camterra Resources, Inc. is in support of the location proposed by Enron.

Sincerely,

CAMTERRA RESOURCES PARTNERS, LTD.

By: Camterra Resources, Inc.  
Managing General Partner



Gary L. Pitts  
Executive Vice President Operations

GLP/js

CC: Ernest L. Padilla, Esq.  
Patrick J. Tower, CPL  
Allen C. Staggers, Esq.  
K. David Goughnour, Land Mgr.

## MERIDIAN OIL

|  |                         |                |
|--|-------------------------|----------------|
| Post-It™ brand fax transmittal memo 7671 |                         | # of pages > 2 |
| To: <i>Shirley Little</i>                | From: <i>Pat Turner</i> |                |
| Co. <i>J.</i>                            | Co.                     |                |
| Dept.                                    | Phone # <i>686 3758</i> |                |
| Fax # <i>713 964 3228</i>                | Fax #                   |                |

September 21, 1993

Mr. William J. LeMay  
New Mexico Oil Conservation Commission  
310 Old Santa Fe Trail, Room 219  
P. O. Box 2088  
Santa Fe, NM 87501

Re: Enron's request for an unorthodox location for their proposed Cedar Lake Fed. Com. No. 2, Eddy County, New Mexico

Dear Mr. LeMay:

Meridian Oil Inc. supports Enron in their effort to drill a well to test the Morrow formation at an unorthodox location in the SE/4 SE/4 of Section 35, T17S R30E, Eddy County, New Mexico. We believe that the proposed location at 990' FS & EL is the best possible location for a gas well in the S/2 proration unit. Not only is the proposed location in the best geologic position, but a well is needed there to protect the S/2 of Section 35 against drainage by Mewbourne's Cedar Breaks 2 State No. 2 well. Furthermore, Meridian, as the leaseholder of approximately 40 acres consisting of the SW/4 SW/4 of Section 36, T17S R30E, Eddy County, New Mexico, waives objection to Enron's proposed location.

Meridian owns a 93.5% record title interest in the S/2 SW/4 of Section 35, T17S R30E, Eddy County, New Mexico. As a leaseholder Meridian has previously proposed a standard location for a S/2 Morrow gas well (1980' FS & FEL), but we withdrew that proposal after careful review of the geology in Section 35. We now agree with Enron that an unorthodox location is necessary for a successful S/2 Morrow gas well. This review showed us that a standard location well would carry a high risk because the producing sands are either not present or too thin to be commercial at locations on Unit Letters J and O of Section 35. By moving east to the 990' FS & EL location we expect to encounter the thickest portion of the sand channel which produces in the Mewbourne well in Section 2 to the south.

A well is necessary at the proposed unorthodox location to protect correlative rights in Section 35. Mewbourne's Cedar Breaks 2 State No. 2 is located in Section 2, Unit Letter A (an unorthodox location), T18S R30E, Eddy County, New Mexico. This well is producing from a Morrow sand which underlies portions of Section 35, T17S R30E, and Section 2, T18S R30E. Without a well producing from this sand

Mr. William J. LeMay  
September 21, 1993  
Page - 2

body (the "Mcwbourne" sand) in Section 35 the Mcwbourne well will drain reserves underlying Meridian's lease. Meridian agrees with Enron's interpretation of the orientation and thickness of the "Mcwbourne" sand. Therefore, we believe the proposed 990' FS & EL location will best protect correlative rights in Section 35.

Meridian is also the record title leaseholder for the SW/4 SW/4 of Section 36, T17S R30E, Eddy County, New Mexico. As an offset leaseholder we choose to waive objection to Enron's proposed unorthodox location in Section 35. We agree with Enron's geologic interpretation of the "Mcwbourne" sand and believe it would be too thin to be commercial at a Section 36 location. Thus, there would be no damage to correlative rights if Enron drills at the proposed location.

Meridian Oil Inc. supports Enron Oil & Gas in their request for an unorthodox gas well location for their proposed Cedar Lake Fed. Com. No. 2 well. We believe the location is necessary to drill a commercial S/2 Morrow gas well in Section 35. This location will protect correlative rights in Section 35 and will not damage them in Section 36.

Sincerely,

*Kevin L. Midkiff* 9/21/93

Kevin L. Midkiff  
Reservoir Engineer



# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

915 / 682-3715

December 23, 1992

Enron Oil & Gas Company  
508 W. Wall, Suite 1100  
Midland, Texas 79701

Attn: Patrick J. Tower

Re: Unorthodox Location Application  
Cedar Breaks "2" State No. 2 well  
E/2 of Section 2-18S-30E  
Eddy County, New Mexico

Gentlemen:

This letter shall evidence in writing the agreement between Mewbourne Oil Company (Mewbourne) and Enron Oil and Gas Company (Enron) concerning Mewbourne's unorthodox location application for the Cedar Breaks 2 State No. "2" well.

- 1) Enron agrees to immediately withdraw its protest of Mewbourne's unorthodox location for the Cedar Breaks 2 State "2" well located 990' FNL & 990 FEL of NE/4 of Section 2-18S-30E and hereby consents to said location waiving all objections thereto.
- 2) In consideration of Enron dropping its protest, Mewbourne agrees to grant Enron a one (1) time waiver for one (1) well located no closer than 990' from the end and 660' from the side boundary of any 320 acre spacing unit that is contiguous to Sec. 2-18S-30E for a period of one year from January 1, 1993.
- 3) Mewbourne agrees to furnish Enron with well information 30 days from the completion of the Cedar Breaks 2 State No. "2" well. Enron agrees to furnish Mewbourne with well information 30 days from completion of any well that Enron drills at an unorthodox location in which Mewbourne grants a waiver to as set out above.
- 4) It is agreed and understood that it is the intent of Mewbourne but not the obligation to drill the Cedar Breaks "2" State No. 2 well and that the foregoing sets forth the entire agreement between the parties and that there are no verbal or oral agreements between the parties not set out in writing herein.

Enron Oil & Gas Company  
December 22, 1992  
Page 2


Should the above correctly set forth our agreement, please so signify by executing and dating this agreement in the space provided below, returning one original executed copy to the attention of the undersigned.

Sincerely,

MEWBOURNE OIL COMPANY

  
Mike Bogart  
Landman

AGREED TO THIS 23rd day of December, 1992  
by Enron Oil & Gas Company.

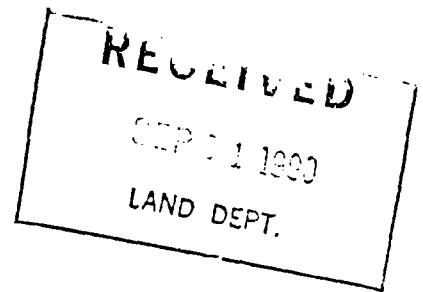
By:   
Title: Gary L. Thomas  
Agent & Attorney-in-Fact



**ENRON**  
**Oil & Gas Company**

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

August 31, 1990



Mewbourne Oil Company  
500 W. Texas, Suite 1020  
Midland, Texas 79701  
Attn: P. Paul Haden, Landman

RE: Application for Unorthodox Location  
Loco Hills State #1  
990' FSL, 660' FWL Section 2, T18S, R30E  
Eddy County, New Mexico

Gentlemen:

Enclosed please find two (2) copies of Mewbournes Waiver letter dated August 8, 1990, which have been executed on behalf of Enron Oil & Gas Company. This Waiver letter states that Enron has no objection as an offset owner to Mewbourne's drilling of the referenced unorthodox Morrow location.

As discussed, Enron Oil & Gas Company has executed the above referred to Waiver letters subject to Mewbourne Oil Company agreeing that should Enron Oil & Gas Company decide to drill a "like unorthodox location" on one of Enron's offsetting tracts, Mewbourne Oil Company agrees to execute a waiver in favor of Enron Oil & Gas Company to allow for Enron's unorthodox location. By a "like unorthodox location" it is meant that Enron's unorthodox location would have spacing of 320 acres or greater with a footage location of no closer than 660 feet to the nearest side boundary and no closer than 990 feet to the nearest end boundary of the proration unit for said well.

If the above correctly sets forth Mewbourne's understanding of the agreement, please so indicate by executing and returning one (1) copy of the Letter Agreement to the undersigned.

Sincerely,

ENRON OIL & GAS COMPANY

*Patrick J. Tower*  
Patrick J. Tower  
Project Landman

PJT/cl

AGREED TO AND ACCEPTED THIS  
31 day of August, 1990.

MEWBOURNE OIL COMPANY

By: *Gary L. Winter*

Title: District Exploration Manager

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

915 / 682-3715

August 8, 1990

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application for Unorthodox  
Location Drilling Permit  
Loco Hills State #1 Well  
W/2 of Section 2,  
T18S, R30E  
Eddy County, New Mexico

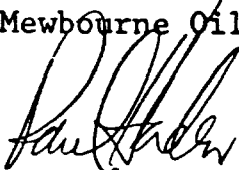
Gentlemen:

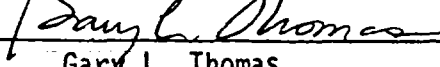
Enron Oil and Gas Company, as an offset operator or owner of operating rights, has been advised of Mewbourne Oil Company's intent to drill the above referenced well at a location 660' FWL & 990' FSL of Section 2, T18S, R30E, Eddy County, New Mexico.

This letter is to advise that Enron Oil and Gas Company has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Sincerely,

Mewbourne Oil Company

  
D. Paul Haden  
Landman

BY:   
Gary L. Thomas  
Title: Agent & Attorney-In-Fact

Date: August 31, 1990

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

915 / 682-3715  
August 8, 1990

RECEIVED

AUG 9 1990

LAND DEPT.

ORIGINAL WITH  
PAT TOWER

YC: Doug Fiske

Ray Ingle

PLEASE ADVISE ASAP

## CERTIFIED MAIL

Enron Oil & Gas Company  
P. O. Box 2267  
Midland, Texas 79702

Attn: Frank C. Estep  
Division Landman

RE: Application for Unorthodox  
Location Drilling Permit  
Cedar Lake Morrow Pool  
Loco Hills State #1 Well  
W/2 of Sec. 2, T18S, R30E,  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne proposes to drill a well at a point located 990 feet from the south line and 660 feet from the west line of the above described Section 2 to an approximate depth of 11,700 feet to test all formations from the surface through the base of the Morrow formation.

Mewbourne seeks an exception to the well location requirements of Division Rule 104 and has applied, pursuant to Division Rule 104 F(II) for administrative approval of an unorthodox gas well location as described above for all formations through the base of the Morrow formation which may be developed on 320 acre spacing. The W/2 of the above described Section 2 is to be dedicated to the test well.

Mewbourne wishes to drill this well at the proposed location as we feel it is necessary if we are to recover oil and gas reserves underlying our lease. We are also convinced that the distance from the proposed well location to other producing wells is sufficient to insure no harmful effect on other producers.

If you have no objection to the above location, please date and sign the attached Waivers of Objection and return two (2) copies to me in the enclosed self-addressed stamped envelope. Should you have any questions regarding the above or want to discuss this matter further, please call. Your prompt and favorable response will be sincerely appreciated.

Sincerely, .

Mewbourne Oil Company



D. Paul Haden  
Landman

CHARLES B. READ  
PRESIDENT

*Read & Stevens, Inc.*

*Oil Producers  
P. O. Box 1518  
Roswell, New Mexico 88202*

PHONE 505 622-3770  
FAX: 505 622-8643

**RECEIVED**

SEP 08 1993

LAND DEPT.

September 7, 1993

Enron Oil & Gas Company  
P. O. 2267  
Midland, Texas 79702

Attention: Mr. Frank Estep

**FAX MEMO**  
# PAGES 1 DATE 9-7-93 FAX# 915-686-3688  
TO Frank Estep  
FROM Bob Watson  
OO: RES  
PH# 622-3770 FAX#

RE: Cedar Lake Prospect  
Application for Unorthodox Location  
Susie Federal No. 1 Well  
1980' FNL & 990' FWL  
Eddy County, New Mexico

Gentlemen:

Read & Stevens is in receipt of your letter dated August 26, 1993 requesting our mutual waiver for any gas well you may propose to locate 990' from any section line in the SE/4 of Section 35 or SW/4 of Section 36, T17S-R30E, Eddy County, New Mexico.

Read & Stevens will not agree to such a waiver since our location for the captioned well is 1980' from the section boundary line of Section 35 and 36 and therefore legal in regards to your lease. Additionally, Read & Stevens plans to protest your proposed unorthodox location in either Sections 35 or 36.

Respectfully,

READ & STEVENS, INC.

*Robert H. Watson*

Robert H. Watson  
Land Manager

BW/lj

cc: Oil Conservation Division  
State of New Mexico  
P.O. Box 2088  
Santa Fe, New Mexico 87504  
Attention: Mr. Michael Stogner

# ENRON

## Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

August 26, 1993

Read & Stevens, Inc.  
P. O. Box 1518  
Roswell, New Mexico 88202  
Attn: Robert H. Watson

RE: Cedar Lake Prospect  
Application for Unorthodox Location  
N/2 of Section 1, T18S, R30E,  
Eddy County, New Mexico

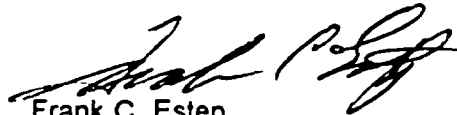
Gentlemen:

Enron Oil & Gas Company agrees to waive any and all objections to Read & Stevens' application for an unorthodox location drilling permit for a gas well located 1980' FNL and 990' FWL of Section 1, T18S, R30E, Eddy County, New Mexico provided Read & Stevens agrees to waive any and all objections to Enron Oil & Gas Company's application for unorthodox location drilling permit for a gas well located no closer than 990' from any section boundary line of the SE/4 of Section 35, T17S, R30E, or no closer than 990' from a section line in the SW/4 of Section 36, T17S, R30E, all in Eddy County, New Mexico.

Please signify in the space provided below your acceptance to the above conditions and your agreement to grant Enron one of the waivers as set forth above.

Sincerely,

ENRON OIL & GAS COMPANY



Frank C. Estep  
Division Land Manager

AGREED TO THIS \_\_\_\_\_ DAY  
OF AUGUST, 1993 BY READ & STEVENS, INC.

BY: \_\_\_\_\_

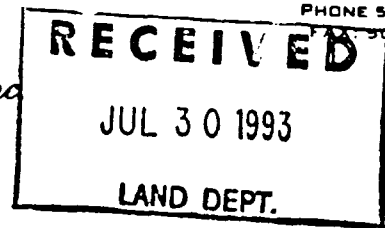
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UNITED BANK PLAZA  
400 N. PENN. SUITE 1000

CHARLES B. READ  
PRESIDENT

*Read & Stevens, Inc.*  
*Oil Producers*  
*P. O. Box 1518*  
*Roswell, New Mexico 88202*



July 28, 1993

Enron Oil & Gas Company  
P. O. Box 2267  
Midland, Texas 79702

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Attention: Mr. Pat Tower

RE: Cedar Lake Prospect  
Application for Unorthodox  
Location Drilling Permit  
Susie Federal No. 1 Well  
N/2 of Section 1, T18S-R30E  
Eddy County, New Mexico

Gentlemen:

Read & Stevens, Inc. proposes to drill the captioned test well at a location 1980' FNL & 990" FWL of Section 1, T18S-R30E to a depth of 13,000 feet or a depth to sufficiently test the Devonian formation, whichever is the lesser.

Read & Stevens therefore seeks an exception to the well location requirements of NMOCD Rule 104 and has applied for administrative approval of an Unorthodox Location Drilling Permit pursuant to Division Rule 104 F (2) to test all gas formations below the base of the Wolfcamp formation which may be developed on a 320 acre proration unit. The captioned acreage will be dedicated as the proration unit for this well.

It is our determination that the captioned well is located so as not to adversely affect offset wells and is necessary for the most efficient recovery of oil and gas production from Section 1.

**COPY PRESERVE IN YOUR FILE**



*Read & Stevens, Inc.*

Cedar Lake Prospect  
Page -2-

If you agree to waive any objection to this location, please so indicate by signing below and returning a copy of this letter to this office in the enclosed stamped, self-addressed envelope within 20 days from receipt. Should you have any questions in this matter, please advise.

Respectfully,

READ & STEVENS, INC.



Robert H. Watson  
Land Manager

BW/lj

The undersigned hereby waives any and all objections to Read & Stevens' application for Unorthodox Location Drilling Permit for a gas well located 1980' FNL & 990' FWL of Section 1, T18S-R30E, Eddy County, New Mexico.

Company Name: \_\_\_\_\_

By: \_\_\_\_\_

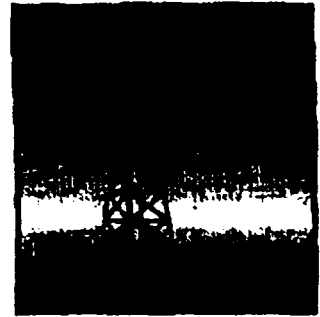
Title: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

00 03 00 10-72121 FROM REVIZ 015, INC. TO BRON 012 0-110 1000/000

# Camterra Resources Partners, Ltd.

Camterra Resources, Inc.  
Managing General Partner



August 9, 1993

Read & Stevens, Inc.  
P. O. Box 1518  
Roswell, New Mexico  
88202

Re: Read & Stevens  
Susie Federal No. 1 Well  
N/2 Section 1, T18S-R30E  
Eddy Co., N. M.

Gentlemen:

Camterra Resources, Inc. received your letter dated July 28, 1993 on 5 August 1993 and will waive any objection to your EXCEPTION location of 1980' FNL and 990' FWL of Section 1, T18S-R30E provided that Read & Stevens will also agree to waive any 990' exception location that Camterra Resources might participate in in any section adjoining Section 1, T18S-R30E.

Should you agree to this conditional letter of acceptance please verify by signing and returning one copy of this letter.

Sincerely,

CAMTERRA RESOURCES PARTNERS, LTD.  
By: Camterra Resources, Inc.  
Managing General Partner

Gary L. Pitts  
Executive Vice President

Agreed to and accepted this \_\_\_\_ day August 1993.

By: \_\_\_\_\_

Houston  
Five Post Oak Park  
Suite 1500  
Houston, Texas 77027  
Tel. (713) 965-9898, FAX (713) 964-3228

Corporate  
2615 East End Blvd. South  
P.O. Box 2069  
Marshall, Texas 75671  
Tel. (903) 938-9949, FAX (903) 935-0521

UNITED BANK PLAZA  
400 N. PENN. SUITE 1000

CHARLES E. READ  
PRESIDENT

PHONE 505 622-3770  
FAX: 505 622-8643

*Read & Stevens, Inc.*

*Oil Producers*

*P. O. Box 1518*

*Alamogordo, New Mexico 88202*

July 28, 1993

Neste Oil, Inc.  
5 Post Oak Park  
Houston, Texas 77027

*(Now Campbell)*

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

RE: Cedar Lake Prospect  
Application for Unorthodox  
Location Drilling Permit  
Susie Federal No. 1 Well  
N/2 of Section 1, T18S-R30E  
Eddy County, New Mexico

Gentlemen:

Read & Stevens, Inc. proposes to drill the captioned test well at a location 1980' FNL & 990" FWL of Section 1, T18S-R30E to a depth of 13,000 feet or a depth to sufficiently test the Devonian formation, whichever is the lesser.

Read & Stevens therefore seeks an exception to the well location requirements of NMOCD Rule 104 and has applied for administrative approval of an Unorthodox Location Drilling Permit pursuant to Division Rule 104 F (2) to test all gas formations below the base of the Wolfcamp formation which may be developed on a 320 acre proration unit. The captioned acreage will be dedicated as the proration unit for this well.

It is our determination that the captioned well is located so as not to adversely affect offset wells and is necessary for the most efficient recovery of oil and gas production from Section 1.

**PLEASE EXECUTE  
AND RETURN TO  
READ & STEVENS, INC.**

## CAMTERRA TELEFAX

|                                   |                    |
|-----------------------------------|--------------------|
| TO: Enron Oil + Gas<br>Pat Towers | FAX NO:            |
| FROM: Gary Pitts                  | CC:                |
| DATE: August 9, 1993              | PAGES TO FOLLOW: 3 |

## MESSAGE:

Enclosed is a copy of the Conditional  
letter of acceptance sent to Brad + Stevens  
along with their letter dated 7-28-93.

FROM: CAMTERRA RESOURCES INC.  
Tele No. (713) 965-9898  
Telefax No. (713) 964-3228

Sender's Name: \_\_\_\_\_