

BURLINGTON RESOURCES

MID-CONTINENT DIVISION

September 23, 1997

Mr. Michael E. Stogner, Engineer
State of New Mexico
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Unorthodox Location-(Sidetracked-Lateral From Existing Vertical Hole)
Burlington Resources Oil & Gas Co. (OGRID #26485)
Red Tank Federal #3H (Property Code 14795)
West Red Tank Delaware Pool (Pool Code 51689)-(40 ac. spacing)
Surface Location: M, 330' FSL & 990' FWL
Sec. 14, T22S, R32E
Lea County, New Mexico
Lease No. NM77058

Dear Mr. Stogner:

This sidetrack has been permitted and drilled. Originally the proposed sidetrack direction fell within the standard distances of the assigned horizontal project area. Because the direction of the lateral deviated to the northeast and did not go into the quarter-quarter section directly north of the surface location, we now have an obligation to re-assign to Exxon the NW/4 SW/4 of Section 14 as per agreement we currently have with Exxon.

Due to the re-assignment obligation, this lateral now falls within the setback distance of 330' and requires a location exception. The lateral is encroaching on the west boundary of the horizontal project area and the east boundary of the NW/4 SW/4 of Section 14.

Exxon is being notified today by certified mail of this unorthodox lateral location as they have reversionary rights to the acreage in the NW/4 SW/4 which is being encroached upon by the lateral borehole.

Burlington requests your approval to this unorthodox lateral hole and to the revised horizontal project area. Attached is Form C-102 showing the amended 200 acre project area.

