

STRACHAN EXPLORATION, INC.



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DENVER, COLORADO 80202
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Department of Natural Resources
Oil and Gas Conservation Commission
1580 Logan Street, Suite 380
Denver, Colorado 80203

May 3, 1993

RE: Application for Permit to Drill
Exxon #1, SW SW Section 18, T3S-R95W; PTD 2,700'
Exxon #2, SW NW Section 18, T3S-R95W; PTD 2,490'
Rio Blanco County, Colorado

Ladies and Gentlemen,

Enclosed please find our Application for Permit to Drill the Exxon #1 and #2 located in the South Piceance Creek Field, Rio Blanco County, Colorado. Also enclosed are individual Bonds in the form of CD's made out to Strachan Exploration, Inc. or The Colorado Oil and Gas Commission in the amount of \$ 5000 for each well. Attached to this Bond are Surface Damage Agreements with the surface owner, Mr. Per Sten Johnson and the Right-of-Way owner, The Bureau of Land Management. Also attached for your review is a topographic map of the area with both well locations posted, our acreage position posted in blue and the BLM R.O.W. (the Sprague Gulch Road) in orange.

As the topographic map indicates, the prospect area is extremely rugged and access is limited. The Sprague Gulch Road is the only public access to the prospect and is itself limited by topography. Our discussions with the BLM, in particular Mr. Vern Rholl of Meeker, Colorado, have concentrated on the use of the BLM's R.O.W. and their requirements. The BLM has requested that the Sprague Gulch Road remain open at all times and that the road, when moved for the Exxon #1 location, stay at all times within the R.O.W. limits. Due to topography, they are not concerned with the proximity of the well to the public road. Road use during June and July is minimal with the majority of use during the hunting season.

The locations of the proposed wells are also restricted due to legal location requirements. The Exxon #1, with a proposed total depth of 2,700', is located 600' from the lease line. To place this well any further from the lease line would require massive amounts of dirt to be moved and a great deal of surface disturbance would take place. We would prefer to keep the surface disturbance to a minimum, thus our locating the well so close to the BLM road.

The Exxon #2, with a proposed depth of 2,490', is located 200' from the lease line. Again this is due to legal and topographic considerations and our desire to incur a minimum of



surface disturbance. Both the BLM and the surface owner have agreed to the locations as being the most appropriate considering the topography.

In light of these considerations, we respectfully request an exception to Rule 603A which requires that wells be located a distance of 150' or one and one-half times the height of the derrick from public roads.

Should you require additional information regarding this application or the request for an exception to Rule 603A, please feel free to call anytime.

Yours Very Truly,



Stephen M. Strachan
President

CC: Mr. Vern Rholi, BLM, Meeker
Ms. Donna Weigand, Rio Blanco County Designee, Rangely
Mr. Jim Komatinsky, Rio Blanco County Designee, Meeker
Exxon Company, U.S.A., Midland, Texas; Mineral Owner

APD CC: Mr. Per Sten Johnson, Surface Owner, Loveland

