

PREMIER OIL AND GAS, INC.

February 8, 2002

New Mexico Energy Minerals & Natural Resources Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

RE: Application for Approval of Unorthodox Location
Dale H. Parke "C" Federal No. 11
Unit P – Section 15, Township 17 South, Range 30 East
Eddy County, New Mexico

Gentlemen:

Premier Oil and Gas Incorporated respectfully requests approval for the above referenced well at a location of 1070' FSL and 330' FEL of Section 15. The Dale H. Parke "C" Federal No. 11 is proposed to drill to a depth of 6000 feet. If successful, the well would be a Loco Hills Paddock producer.

The unorthodox location is requested due to having to avoid numerous pipelines at the orthodox footage. Originally, the location was placed unorthodox to both the north and east lines. Approval to commingle pools was granted which enabled Premier to dismantle an existing tank battery. The proposed location was then moved to the before mentioned footage. The result being an unorthodox location that affected another Premier operated lease with matching Loco Hills Paddock ownership. A move to the south required too much distance to avoid all the pipelines in the area. If moved to the south, the Dale H. Parke "C" Federal No. 11 would be placed within a few hundred feet of the existing Dale H. Parke "C" Federal No. 10 well.

Attached to this Application please find the following exhibits:

- A.) Dale H. Parke "C" Federal No. 11 C-102 Form
- B.) Offsetting Units Plat
- C.) Well Pad Layout