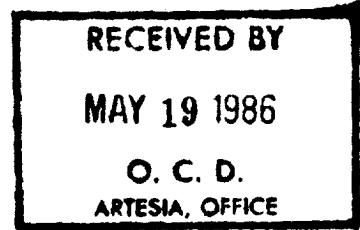


CANTRO EXPLORATION, INC.
P.O. Box 780150
San Antonio, Texas 78270-0150
512-490-9431
May 9, 1986



Mr. Roy Johnson
Oil Conservation Division
P.O. Box 2088
Sante Fe, New Mexico 87501

Re: Hanson Federal Lease
Well No. 2
Sec. 20, 19S, 31E
Unit P
Eddy County, New Mexico
NM0557729

Dear Mr. Johnson;

The above captioned well was just recently completed as an oil well. In conjunction with the oil the well makes approximately 98 bbls of water per day. In order to hopefully cut back on the water and not prematurely cone up water, the bottom of the tubing was set 299 ft. above the top of the producing open hole pay. It is felt that there has been no loss in daily oil volume by so setting the tubing where it currently is. An exception to State Wide Rule 107B is hereby requested on the above captioned well. Your prompt attention in this matter will be greatly appreciated.

Respectfully submitted,

Robert M. Green

Robert M. Green
President

Mike or Loe

27012 mbls
OK R-1
5-28-86