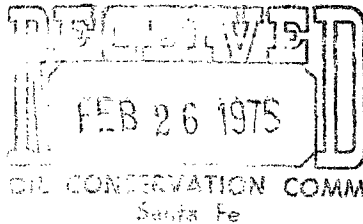


HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701



February 24, 1975

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Mr. Dan Nutter
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Re: Unorthodox Location
David Fasken
Lake Federal No. 1
435' FWL & 1180' FSL,
Sec. 3, T-21-S, R-26-E
Eddy County, New Mexico

Dear Mr. Nutter:

On behalf of my client, David Fasken, I herewith request administrative approval of an unorthodox location for his Lake Federal No. 1 to be located 435' FWL & 1180' FSL of Section 3, T-21-S, R-26-E, Eddy County, New Mexico.

We propose to dedicate the south 320 acres of this section to the subject well. This drilling and spacing unit is located in the area of Lake Avalon that is administered by the Bureau of Reclamation.

We propose to drill in the southwest 160 acres and the Bureau of Reclamation requires all drillsites be 300 feet laterally from the surface elevation contour of 3177 feet above sea level.

The proposed location represents the maximum distance from the west line of Section 3 that will accommodate the Bureau of Reclamation's requirement, see attached plat. The attached plat on a scale of 1-inch equals 200 feet has been prepared to show the surface configuration. We have also included a xerox copy of a portion of U.S.G.S. Lake McMillan South Quadrangle sheet on which we have outlined the proposed drilling and spacing unit.

Mr. Dan Nutter
February 24, 1975

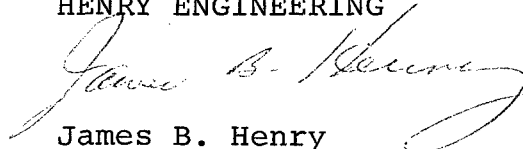
-2-

Two wells have already been drilled in Section 3 and the balance of the section outside of the proposed drilling and spacing unit for Lake Federal No. 1 has been dedicated to those wells.

We are simultaneously filing an Application for Permit to Drill the David Fasken Lake Federal No. 1 with the U.S.G.S., District Engineer in Artesia, New Mexico.

Yours very truly,

HENRY ENGINEERING

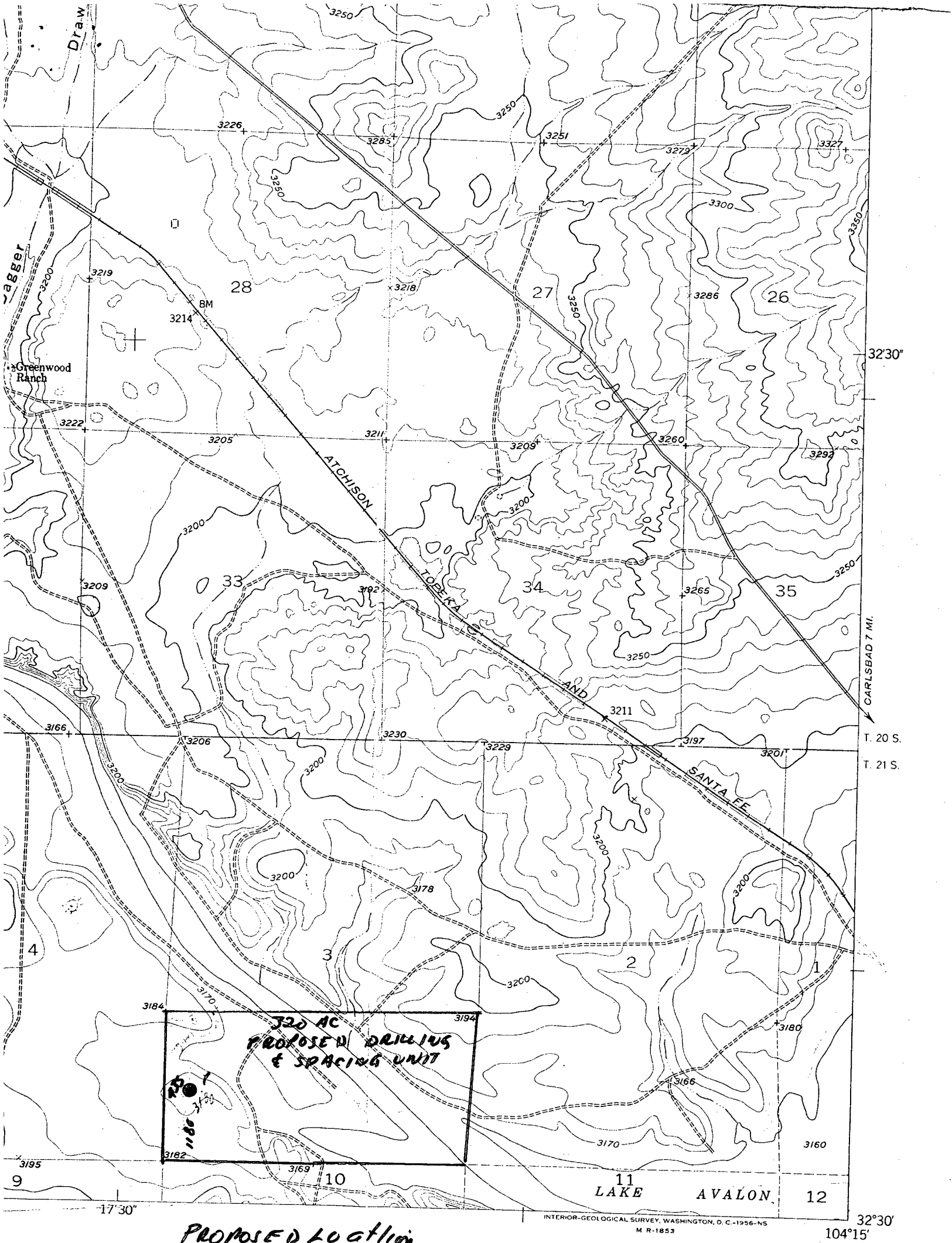


James B. Henry

JBH:bh
Encl.

cc: Mr. Bill Gressett
N.M.O.C.C.
P. O. Drawer "DD"
Artesia, New Mexico 88210

Mr. James Knauf
U.S.G.S.
P. O. Drawer "U"
Artesia, New Mexico 88210



PROPOSED LOCATION
DAVID FASKEN
LAKE FEDERAL No 1



QUADRANGLE LOCATION

ROAD CLASSIFICATION
 Heavy-duty ————— Light-duty —————
 Medium-duty ————— Unimproved dirt —————
 U. S. Route State Route

LAKE MC MILLAN SOUTH, N. MEX.
N3230-W10415/7.5
1955

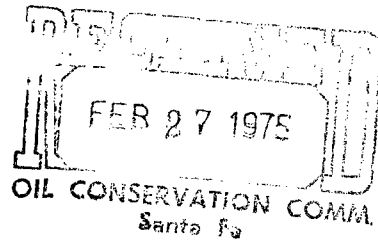
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OIL CONSERVATION COMM.
Santa Fe

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February 25, 1975

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501
Attention: Mr. Dan Nutter

Re: Waiver for Unorthodox Location -
David Fasken Lake Federal No. 1
Wildcat, Eddy County, New Mexico

Gentlemen:


We have been advised of the necessity for the location of the subject well 1180' from the south line and 435' from the west line of Section 3, T-21-S, R-26-E, NMPM Eddy County, to comply with the regulations of the U. S. Bureau of Reclamation controlling drilling near Avalon Reservoir and to provide a suitable drillsite.

We have no objection to the drilling of this well at this location,

Yours very truly,

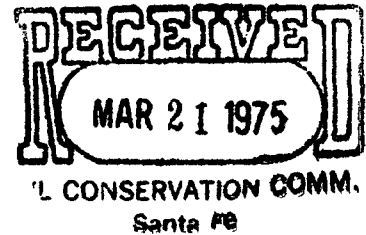
Alan Antweil

Company



By:

26 Feb 75



February 25, 1975

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501
Attention: Mr. Dan Nutter

Re: Waiver for Unorthodox Location -
David Fasken Lake Federal No. 1
Wildcat, Eddy County, New Mexico

Gentlemen:

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Yours very truly,

Inexco Oil Company
Company

By:

Arrel Van Matre 800