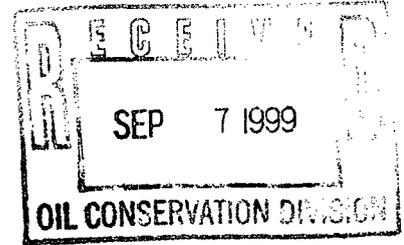


**PREMIER OIL AND GAS COMPANY
POST OFFICE BOX 1246
ARTESIA, NEW MEXICO 88211-1246
505/748-2093**



September 2, 1999

New Mexico Energy, Minerals and
Natural Resources Department
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner
Chief Hearing Officer / Engineer

RE: Administrative Application for an Unorthodox Oil Well
Location in Unit B of Section 22, Township 17 South,
Range 30 East, Eddy County, New Mexico

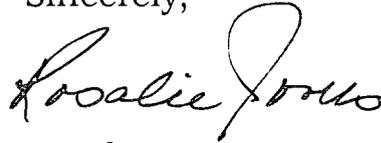
Dear Mr. Stogner:

Please find enclosed, in triplicate, a plat showing Unit "B" as requested. The discussion on the wording "impact to previously drilled new wells or proposed wells" should refer to the enclosed plat. Unfortunately, the plat submitted on July 29, 1999 with our application did not adequately convey the current status of development in this area.

As you will notice in Unit "B", the Dale H. Parke "A" Tr 1 No. 17 is an established producer. If the Dale H. Parke Tr 1 No. 22 were placed at an orthodox location, it would then require a move further south to allow enough room to safely construct a location due to the presence of the water pipeline. We believe an orthodox location, once moved away from the pipeline, would be too close to our existing well (No. 17) producing from the same horizon. This is the point I intended to make with the phrase "impact to previously drilled new wells or proposed wells". I realize now that this was a poor choice of words. Coupled with the outdated plat, I can understand your concern.

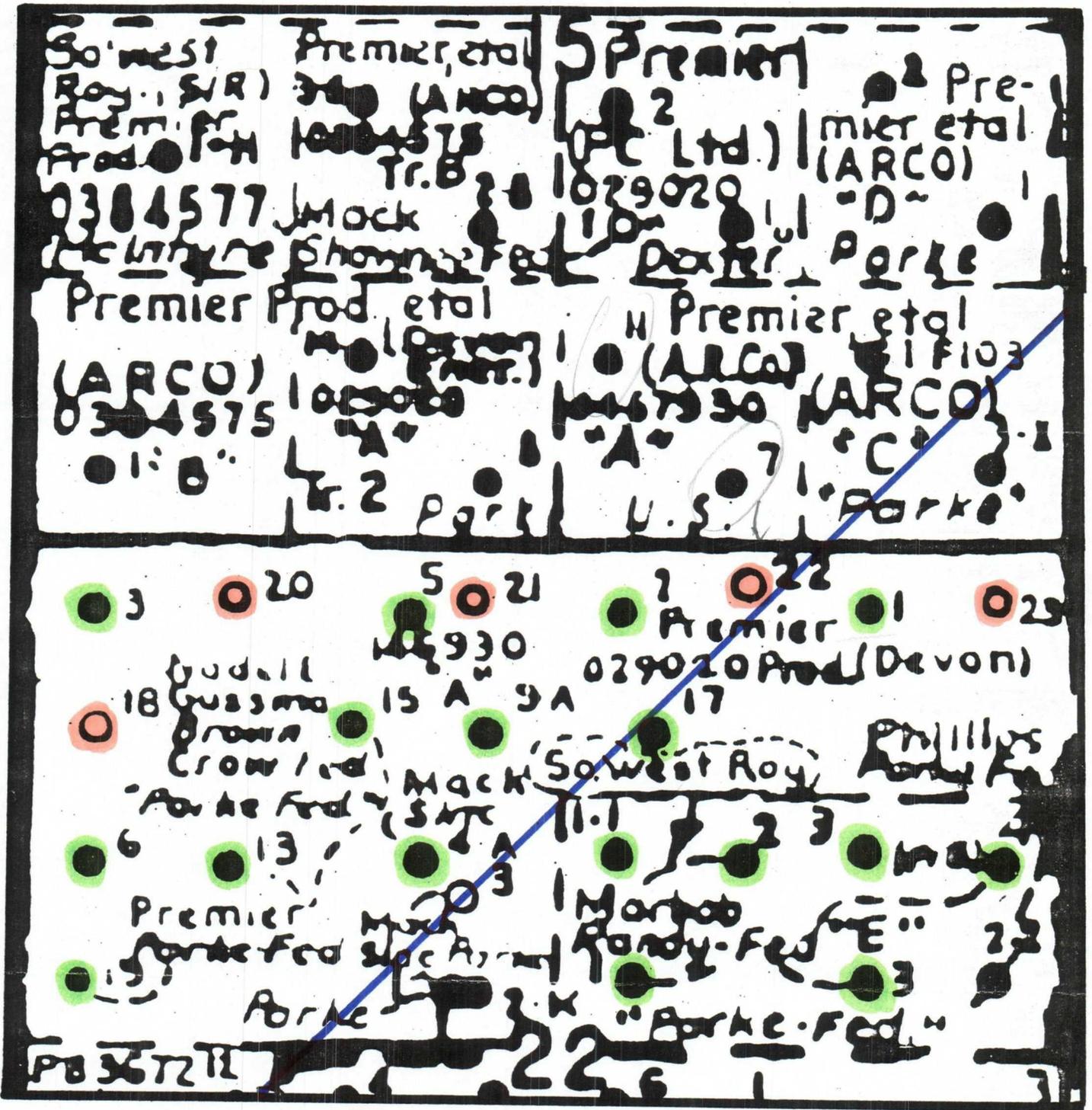
Upon review of the enclosed plat, please do not hesitate to contact me should you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Rosalie Jones". The signature is written in a cursive style with a large, looping initial "R".

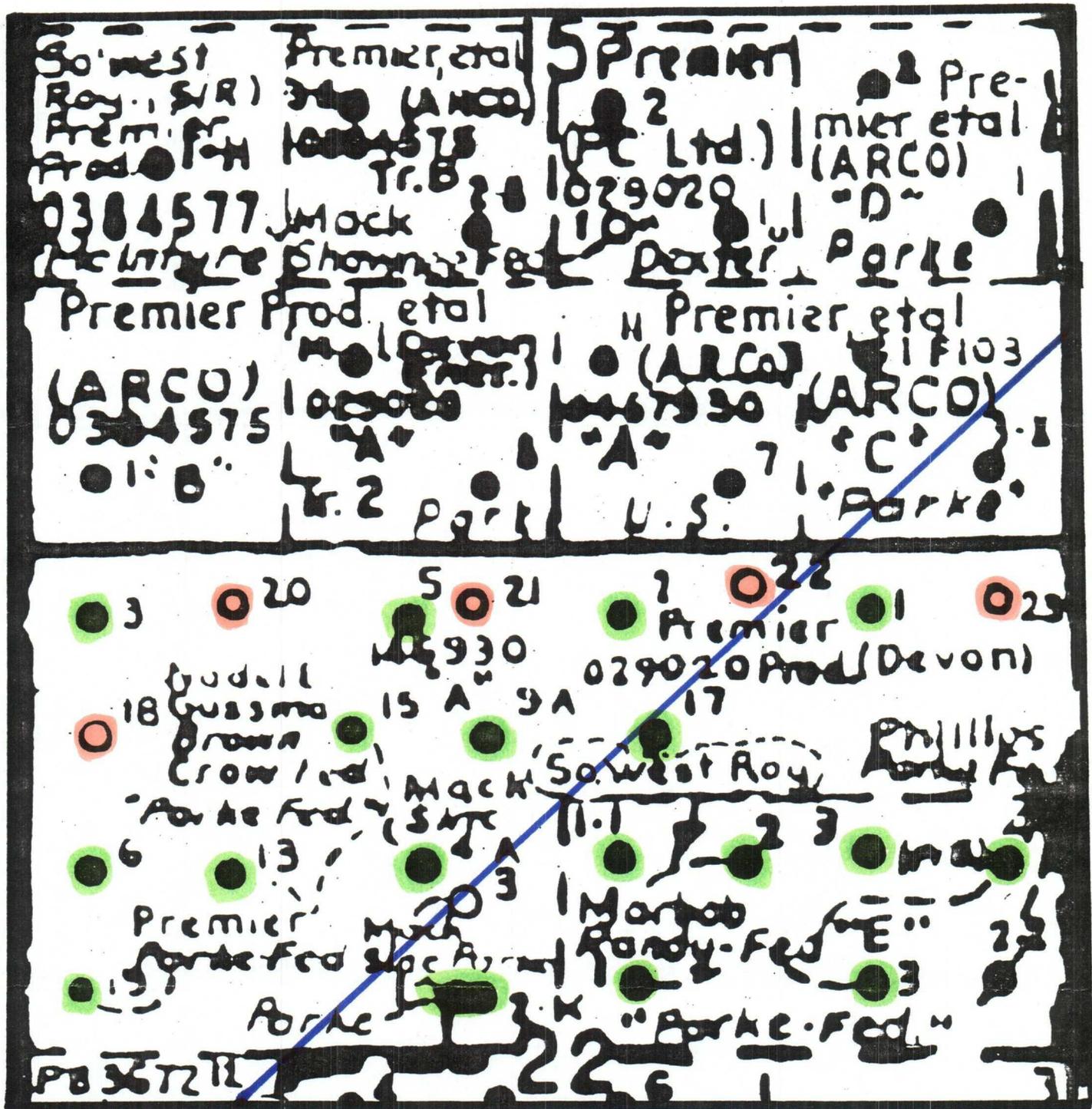
Rosalie Jones
President

RJ/mm



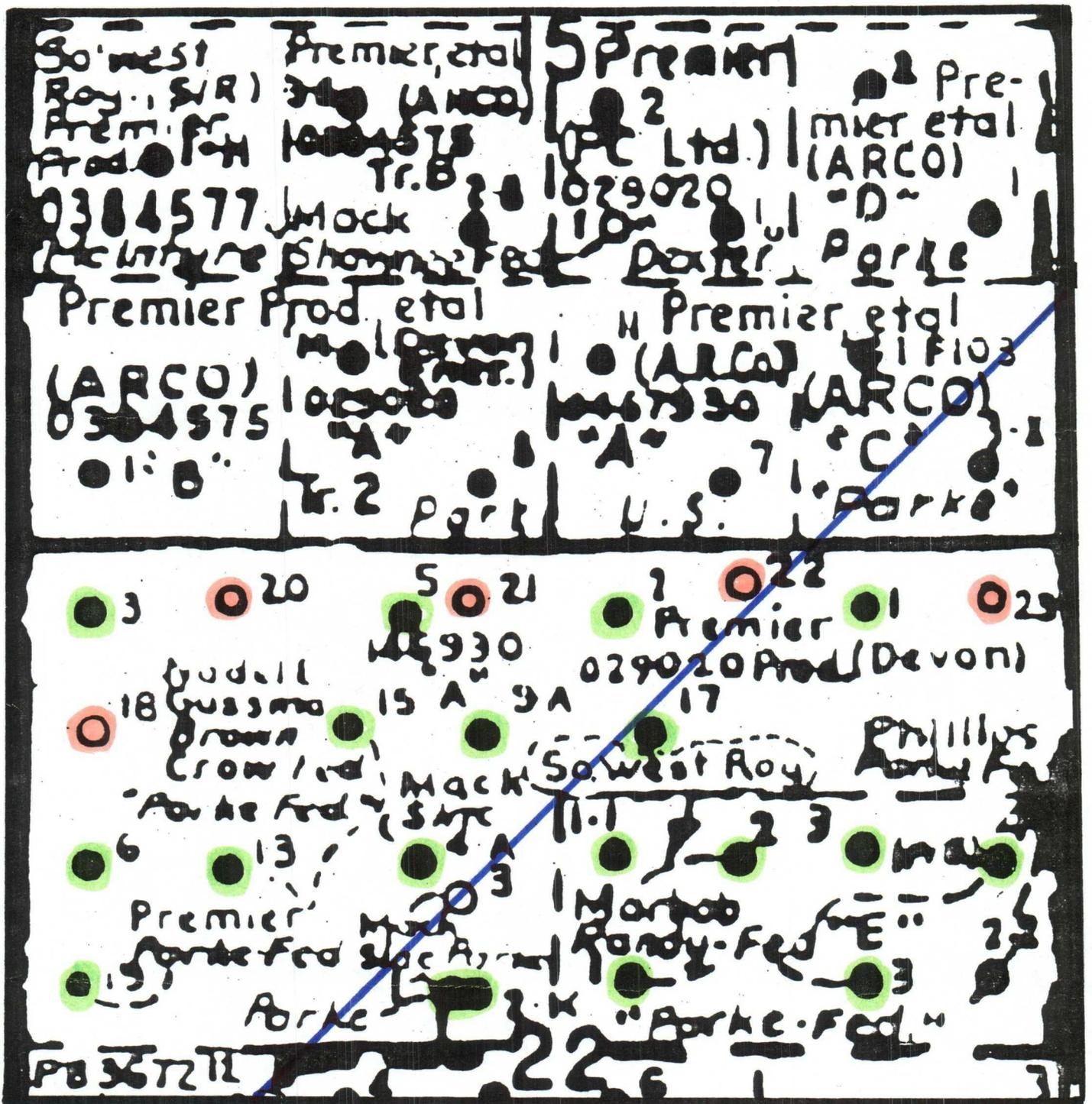
Plat showing the well spots in the N/2 of section 22 and the S/2 of section 15 in T17s - R30e

- Producing wells
- Proposed wells
- Pipeline



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