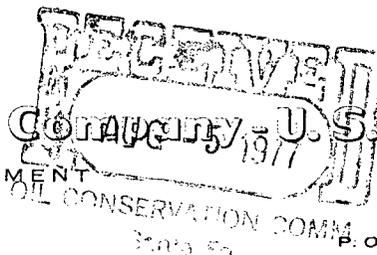


Gulf Energy and Minerals Company - U.S.

PRODUCTION DEPARTMENT
HOBBS AREA



C. D. Borland
AREA PRODUCTION MANAGER

August 3, 1977

P. O. Box 670
Hobbs, New Mexico 88240

NSL-879

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Order R-5030

Dear Sir:

Here you receipt of approval from Hobbs

Gulf Oil Corporation respectfully requests your Administrative approval to drill a development well in the Drinkard Pool at an unorthodox location. It is proposed to drill Central Drinkard Unit Well No. 423, located 1305 from the South line and 2525 from the West line of Section 28, Township 21-S, Range 37, East, Lea County, New Mexico as shown on the attached plat. The following facts are submitted in support of this application.

1. Commission Order No. R-5030 established procedures for completing additional Central Drinkard wells as a result of a Hearing held May 14, 1975.
2. This unorthodox location is necessitated by reservoir considerations. In order to proceed with development of the Upper Drinkard gas pay, to prevent drainage of the Unit area by offsetting wells and avoid interference with the existing waterflood of the oil zone, which is necessary for the prevention of waste, this well must be located as shown on the attached plat.
3. This location is not closer than the standard location distance of 330' to the Unit boundary.
4. Commission forms C-101 and C-102 have been submitted to the Hobbs District Office of the New Mexico Oil Conservation Commission.

Yours truly,

By: D. F. Berlin

C. D. BORLAND

DTB:lwd
cc: NMOCC, Hobbs
CFK Midland



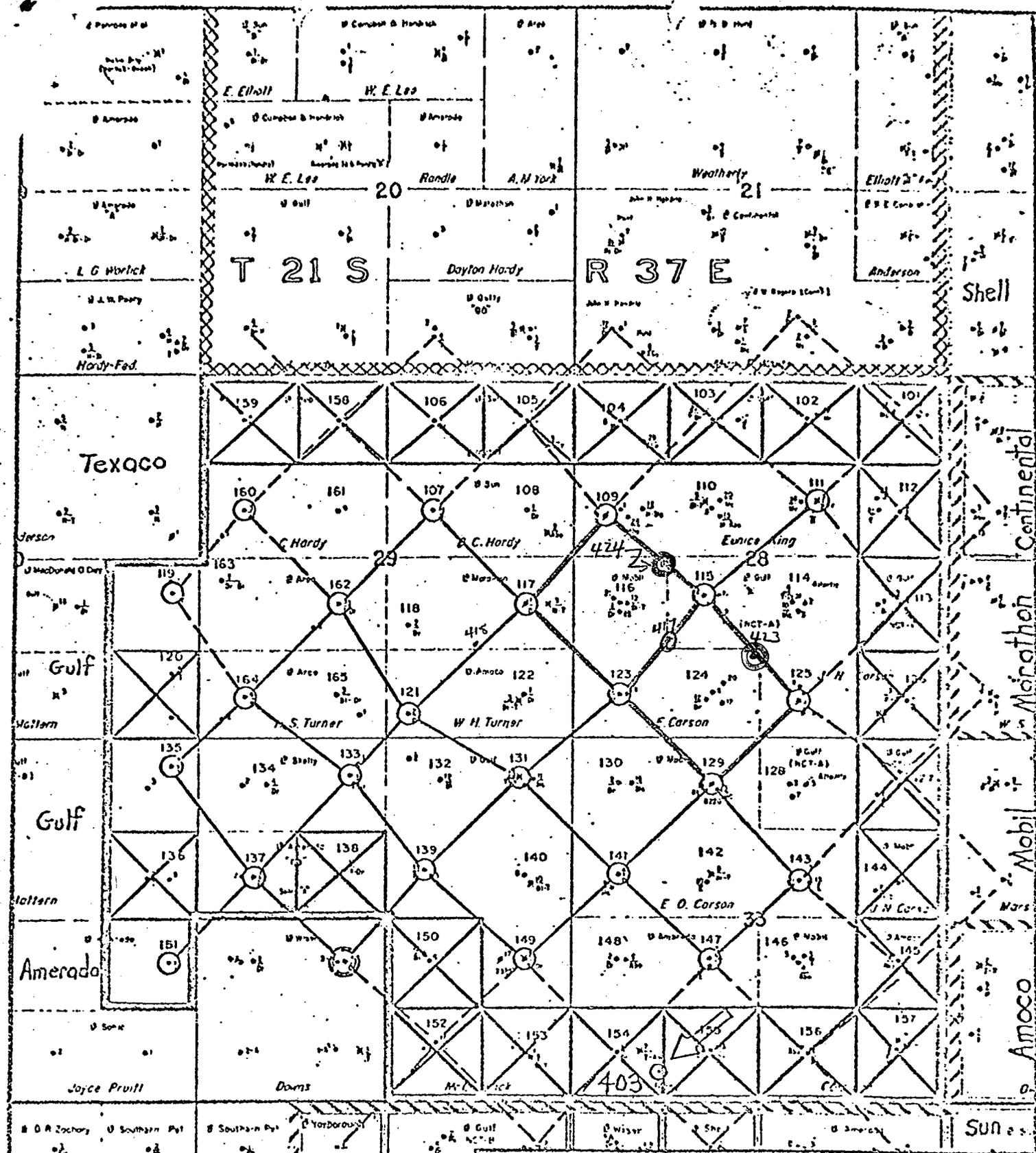


EXHIBIT No. 3

CENTRAL DRINKARD UNIT LEA COUNTY, NEW MEXICO

UPPER DRINKARD GAS ZONE DEVELOPMENT


 PROPOSED GAS COMPLETIONS

GULF OIL CORPORATION MIDLAND DISTRICT

OIL CONSERVATION COMMISSION
Hobbs DISTRICT

RECEIVED
AUG 11 1977
OIL CONSERVATION COMM.
Santa Fe

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE August 8, 1977

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____ X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated _____
for the Gulf Oil Corp. Central Drinkard Unit #423-N 28-21-37
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

O.K.---J.S.

Yours very truly,

