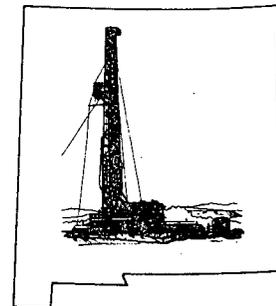


Release Date: May 5, 1988

By DRC

Energy Administrative Services Co.



Oil and Gas

POST OFFICE BOX 458 • ROSWELL, NEW MEXICO 88201

TELEPHONE (505) 623-4940

RECEIVED
MAY - 5 1988
OIL CONSERVATION COMMISSION

May 4, 1988

Mr. David Catanach, U.I.C. Director
New Mexico Energy and Minerals Dept.
Oil Conservation Div.
P. O. Box 2088
Santa Fe, New Mexico 87504

on behalf of
Ensource, Inc

NSL-2510
RUCC-104 F(I)
Pecos Slope Also Gas Pool
No Acreage - SELF
Sec 12

Re: Unorthodox Well Location: 1980' FSL & 1630' FEL, ³Sec. 12-T7S-R26E
Sand Creek "B" Federal, Well No. 1 for Ensource, Inc.

Dear Mr. Catanach:

Ensource, Inc. is applying for administrative approval of an unorthodox well location for the above captioned well under the provisions of paragraph F of rule 104 of the New Mexico Oil Conservation Commission Rules and Regulations.

Standard field rules require that the well location be no closer than 330 feet to any 40 acre boundary. Because of terrain problems it is extremely difficult to locate a well in this quarter section. The Sand Creek draw cuts through the quarter in the most desirable standard locations. The location selected would have been all right as far as the surface problems go, but the Southwestern Public Service Co. main powerline is crossing this part of the quarter section and requires at least a 150 foot clearance for safety reasons by SPS Co.

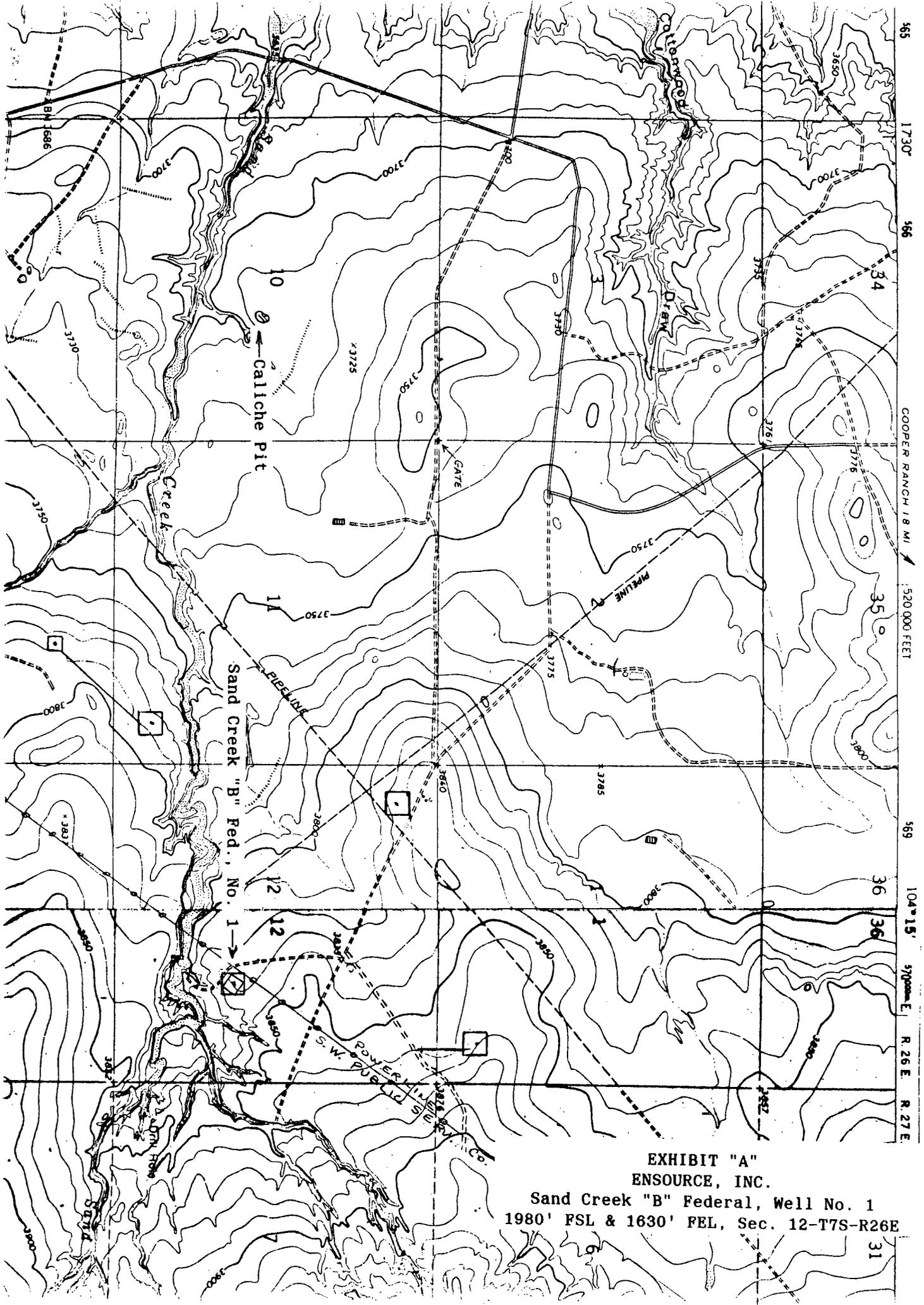
This entire section is a single Federal lease (No. NM-29621) to Donald G. Stevens, with a farmout to Ensource, Inc. Since this is an interior forty surrounded by the same lease, it is requested that an administrative approval be given without the waiver requirement from adjoining leases. No encroachment is being made to adjoining leases. An APD has been submitted to BLM for approval and a field inspection was made by them, with no objection to the location.

If administrative approval is given please mail a copy of the written approval to me at the above address and a copy to Gary Markestad at following address:

Ensource, Inc.
3000 North Garfield, Suite 265
Midland, TX 79705-6414

Sincerely yours,
ENERGY ADMINISTRATIVE SERVICES CO.

George R. Smith
George R. Smith



EIGHTMILE DRAW QUADRANGLE HAYSIAK MOUNTAIN, N. MEX.
 NEW MEXICO-CHAVES CO. N3337.5-W10407.5/7.5
 7.5 MINUTE SERIES (TOPOGRAPHIC) 1967

EXHIBIT "A"
ENSOURCE, INC.
 Sand Creek "B" Federal, Well No. 1
 1980' FSL & 1630' FEL, Sec. 12-T7S-R26E

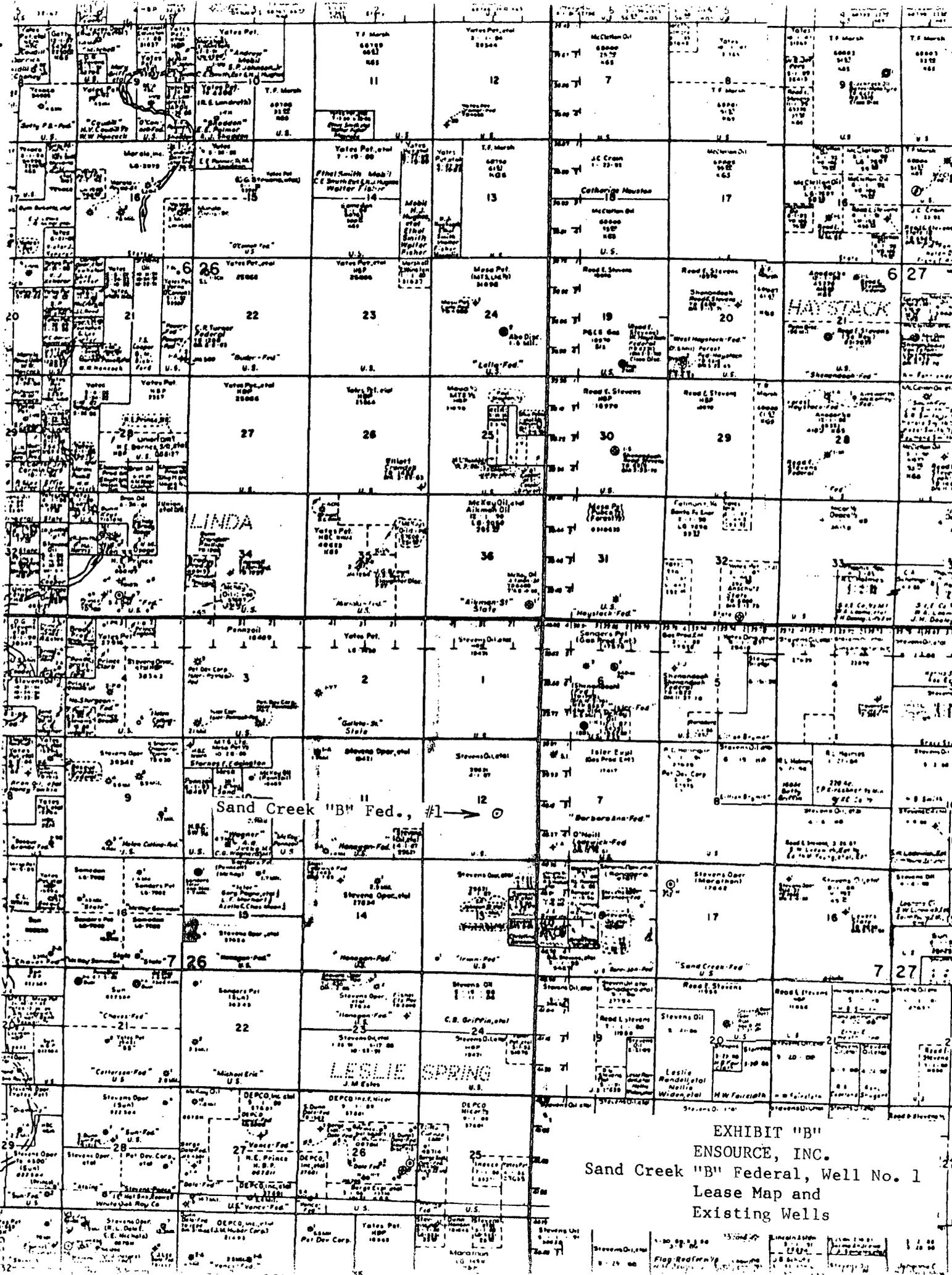


EXHIBIT "B"
 ENSOURCE, INC.
 Sand Creek "B" Federal, Well No. 1
 Lease Map and
 Existing Wells