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August 14, 1990

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Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Re: Application of Mewbourne Oil Company for Administrative  
Approval of an Unorthodox Gas Well Location, W $\frac{1}{2}$  of Section 2,  
Township 18 South, Range 30 East, Eddy County, New Mexico

Dear Mr. Stogner:

Mewbourne Oil Company hereby applies for administrative approval of an unorthodox gas well location for a well to be drilled 660 feet from the West line and 990 feet from the South line of Section 2, in the township and range given above. The well will be drilled to test the Morrow formation, and the W $\frac{1}{2}$  of Section 2 will be dedicated to the well. Enclosed are an original and one copy of a geological discussion and exhibits, together with land exhibits regarding offset ownership and notice. Please let us know if you need the certified return receipts for your file.

Please be advised that Mewbourne currently operates the State CE No. 1 Well, located 1880' FWL and 1980' FNL of Section 2, which currently is producing at an economic rate of approximately 40 MCF/GPD out of the Morrow formation in the Cedar Lake Morrow gas pool. The W $\frac{1}{2}$  of Section 2 is currently dedicated to said well.

When Mewbourne's proposed Loco Hills State No. 1 Well is completed as a commercial gas producer in the Morrow formation, Mewbourne agrees to abandon the Morrow formation in the State CE No. 1 Well, as required by the Division.

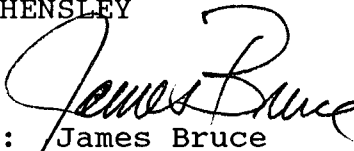
Please contact me or David Schatzer at Mewbourne if you have any questions.

HINKLE, COX, EATON, COFFIELD & HENSLEY

Mr. Michael E. Stogner  
August 14, 1990  
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Very truly yours,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

  
By: James Bruce

JB:le