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November 12, 1985

R. L. Stamets, Director
Mr. David Catanach, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy
and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Application of Chama Petroleum Company for
Administrative Approval of an Unorthodox
Well Location.

Gentlemen:

On November 6, 1985, we filed an application for administrative approval of an unorthodox location for a Lea-Pennsylvanian gas well to be drilled 585 FNL and 1880 FEL of Section 25, Township 20 South, Range 24 East, N.M.P.M., Lea-Pennsylvanian Gas Pool, Lea County, New Mexico. The NE/4 of said Section 25 will be dedicated to this well. As you are aware, this acreage was pooled by Oil Conservation Division Order R-7979 entered in Cases 8478 and 8505 (Consolidated).

It is my understanding that the Division is unwilling to grant this application administratively, although waivers have been obtained from all offsetting operators inasmuch as the acreage to be dedicated to the well is governed by a pooling order.

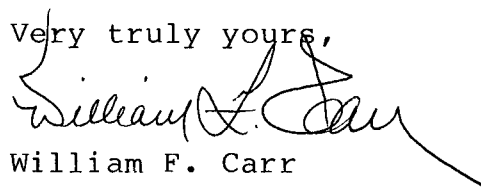
This letter is to advise you that Order No. R-7979 is no longer needed, as Chama Petroleum Company has acquired all interests under the NE/4 of Section 25 by farmout from BTA Oil Producers. We therefore renew our application for administrative approval of this unorthodox well location.

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Chama has a rig under contract for the drilling of this well and has obligations to the other working interest owners in the unit who are anxious that this well be drilled during 1985. Chama is ready to proceed immediately with the well, and we would request that you advise us at the earliest possible time of your decision on this renewed request for administrative approval of our proposed unorthodox well location.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

William F. Carr

WFC/cv

cc: Mr. Mark Nearburg