



ENERGY CORPORATION

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September 11, 1996

Certified Mail No. Z 731 697 815

Arco Permian
Post Office Box 1610
Midland, Texas 79702

Attention: Lee Scarborough

RE: Non-Standard Location Approval
Proposed 2500' San Andres Test
Eagle "330" Federal #11
990' FSL & 2410' FEL
Section O-33-T17S-R27E
Eddy County, New Mexico

Gentlemen:

We have applied for a permit to drill the referenced well. This unorthodox location was due to pipeline and topography problems. The proposed well site is in the West Red Lake Area in Eddy County, New Mexico, and offsets your lease hold in Section 4-T18S-R27E.

The NMOCD Non-Standard Location Approval process requires that we notify offset lease holders and submit Proof of Notice.