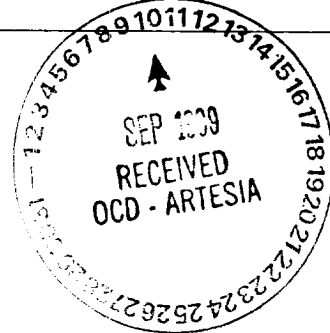




**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 8, 1999



Premier Oil and Gas, Inc.
P. O. Box 1246
Artesia, New Mexico 88210
Attention: Rosalie Jones

Administrative Order NSL-4356(SD)

Dear Ms. Jones:

Reference is made to the following: (i) your application dated July 29, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated August 21, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe; (iii) your response by letter dated September 2, 1999; and (iv) the records of the Division in Santa Fe: all concerning Premier Oil and Gas, Inc.'s ("Premier") request for an unorthodox infill oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of Section 22, Township 17 South, Range 30 East, NMPM, Loco Hills-Paddock Pool, Eddy County, New Mexico.

This 40-acre unit is currently dedicated to Premier's Dale H. Parke "A" Tract-1 Well No. 17 (**API No. 30-015-30456**) located at a standard oil well location 990 feet from the North line and 2135 feet from the East line of Section 22.

The application has been duly filed under the provisions of Division 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill oil well location within the NW/4 NE/4 (Unit B) of Section 22 is hereby approved:

**Dale H. Parke "A" Tract-1 Well No. 22
205' FNL & 1650' FEL.**

Further, both the existing Dale H. Parke "A" Tract-1 Well No. 17 and the proposed Dale H. Parke "A" Tract-1 Well No. 22 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia /
U. S. Bureau of Land Management - Carlsbad