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ERNEST L. PADILLA
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January 8, 1990

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: Siete Oil & Gas Corporation;
Osage Federal No. 13, 660 FNL
and 1980 FWL of Section 34,
Township 19 South, Range 29
East, Eddy County, New Mexico

Dear Mr. LeMay:

Pursuant to your instructions at this morning's meeting, this letter is intended as Siete Oil & Gas Corporation's application for a temporary test period and special GOR exception relative to the above-referenced well. In support of this request, Siete states:

1. The well was completed on December 20, 1989, and production commenced on that same date in conjunction with recovering frac load.

2. Siete has encountered different than expected reservoir conditions in drilling this well, particularly because gas/oil ratios are materially different than expected.

3. Siete requests a temporary test period of 60 days, during which Siete may produce the casinghead gas at a rate not to exceed 1,600 Mcf per day, within which to study reservoir behavior, the data from which will be used for introduction in support of an application for special pool rules.

4. Siete has conferred with Mike Williams, the OCD's Artesia District Office Supervisor, and has obtained a waiver from Ray Westall, the only offset operator currently producing from the Bone Springs formation in the immediate area.