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January 25, 1989

RECEIVED

JAN 26 '89

HAND-DELIVERED

O. C. D.  
ARTESIA, OFFICE

Mr. Michael Stogner  
Oil Conservation Division  
State Land Office  
Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Administrative Approval of Non-standard  
Location, Section 32, T21S, R24E, Eddy  
County, New Mexico

Dear Mr. Stogner:

Pursuant to my conversation with you and David Catanach today, Citation Oil & Gas Corp. seeks administrative approval of a non-standard well location, 1,270' from the south line and 660' from the west line of Section 32, T21S, R24E, Eddy County, New Mexico. (Copy of C-102 attached). This well is to be drilled in the Morrow formation.

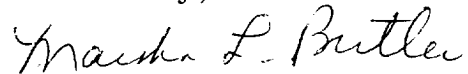
A well location 1,320 feet from the south line and 660' from the west line was previously administratively approved by the OCD for Texaco, Inc. in the Atoka formation. I believe that approval is your file no. NSL 1960.

Citation has filed Forms C-101, 102 and 104 with the district office in Artesia. The leases covering this acreage are due to expire on March 1, 1989. Citation wishes to spud the well next week, if possible. Therefore, they would certainly appreciate an expeditious approval of their non-standard location.

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If you need anything further, please contact our office. We appreciate your assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Marsha L. Butler".

Marsha L. Butler  
Legal Assistant

Enclosure

cc: Mark Hoffman  
Petro-Quest Exploration

Carole Favro  
Citation Oil & Gas Corp.