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O. C. D.
ARTESIA, OFFICE

TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992
November 29, 1984

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. David Catanach

EXPRESS MAIL

Re: Application for Unorthodox Location
Request for Administrative Approval
Walterscheid #1 Well
W/2 Section 14,
T-22-S, R-27-E
Eddy County, New Mexico

Gentlemen:

TXO Production Corp. has recently submitted Form C-101 to the Oil Conservation Division for the Walterscheid #1 Well. The location for this well had to be moved due to topographic conditions. The location for this well was moved from 1980' FNL and 660' FWL to 1907' FNL and 635' FWL Section 14, T-22-S, R-27-E, Eddy County, New Mexico.

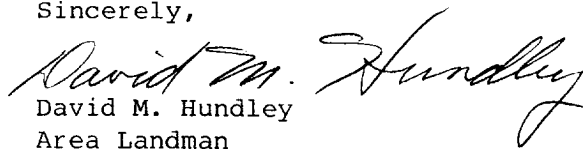
If TXO successfully completes the Walterscheid #1 as a Strawn (gas) or a Wolfcamp (gas) well, the proration unit will be the W/2 Section 14 (please see attached plat).

Due to our lease expiration situation, Form C-101 was submitted without the requisite waivers of objection from the offset operators and/or mineral owners. However, we have recently been able to acquire waivers from all of the offset operators and/or mineral owners, and these waivers are attached for your review.

If you refer to the attached plat, you will note the names of the offset operators and/or mineral owners listed at the bottom of the plat, along with the applicable offsetting acreage to our proration unit.

It is hoped that the attached waivers, etc. will allow the Oil Conservation Division to approve our unorthodox location for the Walterscheid #1. Thank you very much for your assistance and cooperation, and please call me collect at (915) 682-7992 should you have any questions.

Sincerely,


David M. Hundley
Area Landman

DMH/bv
Attachments

cc: Oil Conservation Division
324 W. Main Street
Artesia, New Mexico 88210
Attn: Mr. Les Clements

Mr. Arthur Brown
101 East Marland, Suite 105
Hobbs, New Mexico 88240