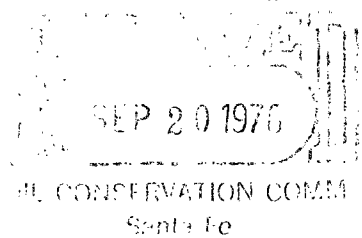


BURLESON & HUFF
OIL PROPERTIES
BOX 2479 - PHONE 683-4747
MIDLAND, TEXAS 79701
August 5, 1976



131-1034

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey

Re: Saunders Estate Lease - Lea County, New Mexico
NW/4 of Section 28, T-25-S, R-37-E

Gentlemen:

We propose to re-enter and attempt completion of our Saunders Estate No. 2 well as a gas producer from the Yates - 7 Rivers formation in the Jalmat Gas Pool. Our Saunders Estate No. 1 well is currently producing gas from this formation in the same gas pool, and both wells are located on the same base lease. The proration or spacing unit assigned to our Saunders Estate No. 1 well has been previously established and is a non-standard unit consisting of 160 acres described as the NW/4 of Section 28, Township 25 South, Range 37 East, Lea County, New Mexico. The Saunders Estate No. 2 well is situated in this same spacing unit and is located 1650 from the north and the west lines of said Section 28. Plat showing the location of the wells with the present proration unit outlined in yellow is enclosed.

We hereby make application to the Commission for authority to simultaneously dedicate the NW/4 of said Section 28 as the proration unit for the Saunders Estate No. 1 and Saunders Estate No. 2 wells for the production of gas in the Jalmat Gas Pool, in the event our re-entry operations in the No. 2 well should result in the production of gas from the Yates - 7 Rivers formation.

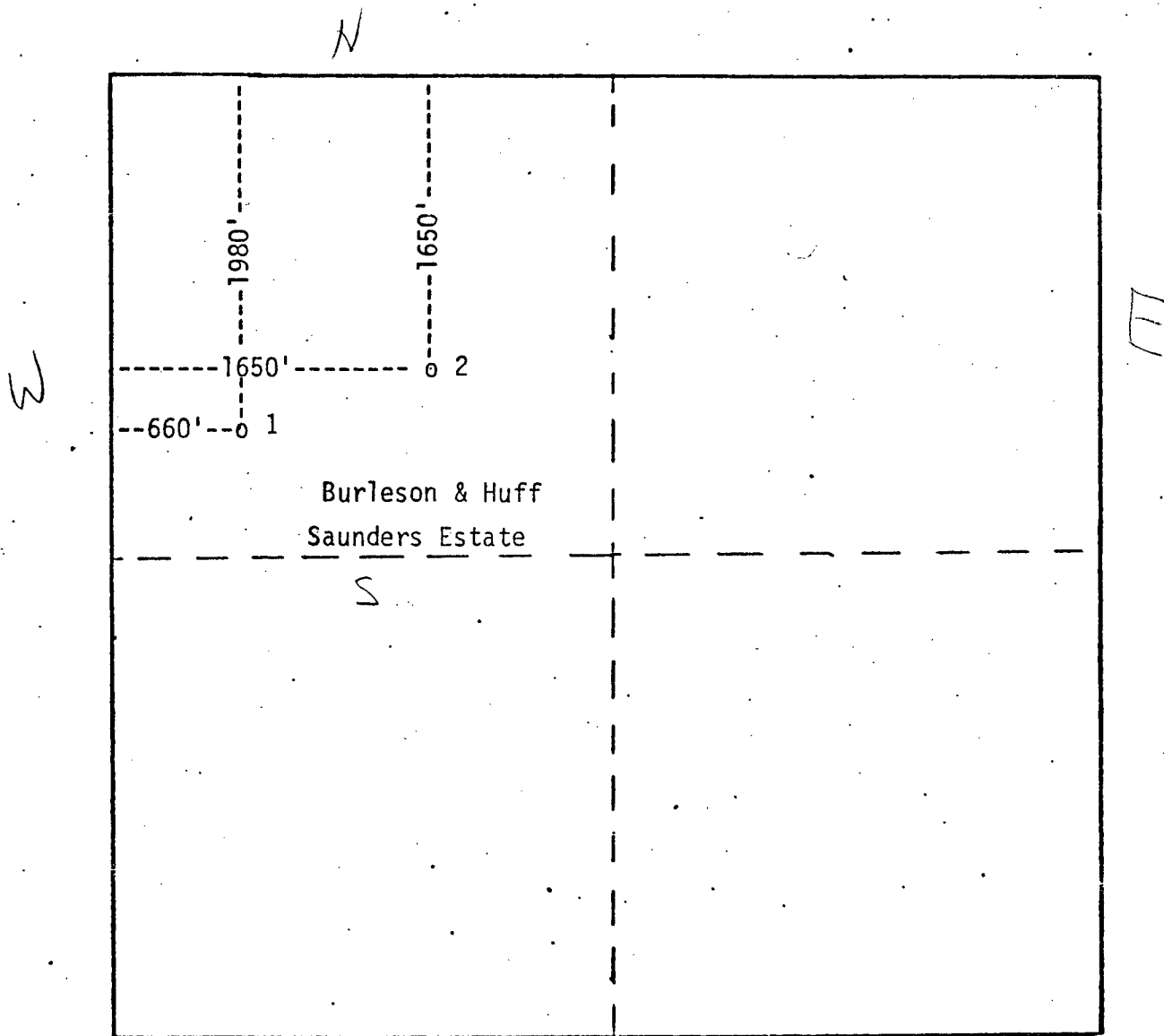
Yours very truly,

BURLESON & HUFF


Jack Huff

JH/sw

cc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240



Section 28
Township 25 South, Range 37 East
Lea County, New Mexico