SAXON OIL COMPANY

December 11, 1973

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HINKLE, BONDURANT, COX & EATEN ROSWELL, NEW MEXICO

Hinkle, Bonderant, Cox & Eaton, Attorneys P. O. Box 10 Roswell, New Mexico 88201

Attention: Mr. Hinkle

Gentlemen:

We are in receipt of an application filed by you as attorneys for Coastal States Gas Producing Company requesting approval by the Oil Conservation Commission of the State of New Mexico for an unorthodox well location in Lea County, New Mexico. The application concerns the Coastal States No. 2 John R. McGuffin located 660 feet from the west line and 1980 feet from the north line of Sec. 29, T9S, R33E, said location being within the unit area of the Flying "M" San Andres Unit.

As you have advised the Oil Conservation Commission, Saxon Oil Company is the owner of offset acreage, specifically the northeast one quarter of Sec. 30, T9S, R33E, Lea County, New Mexico.

Please be advised that Saxon Oil Company has no objection to this application for an unorthodox well location, and waives further notice of action in this matter. However, you are hereby requested to notify Coastal States Gas Producing Company that Saxon Oil Company will require full and complete copies of all drilling, logging, testing, coring, and well completion data on any well so drilled under said application. Please instruct your client to forward by mail all such information as soon as practicable after receiving it, to Mr. John R. Stearns, Vice President, at the address listed on this letterhead.

Sincerely yours,

Jack Q. Frizzell

Vice President

cc: Mr. Stearns