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July 2, 1996

William J. Lemay, Chairman
New Mexico Oil Conservation
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application for Unorthodox Location
Bronco Farms "5" Federal #5
Lea County, New Mexico

Dear Mr. Lemay:

Cobra Oil & Gas Corporation has filed a permit to drill the above captioned well with the BLM. Approval has been received, pending like approval of the New Mexico Oil Conservation Division of the unorthodox location. The proposed location will be in the NW/4 of NE/4 of Section 5, T10S-R38E in Lea County. Attached is a plat of the proposed location which was picked based on 3D seismic and is believed to be the best geologic location for the drilling of this well.

Included is a structure map on the base of the Woodford Shale which indicates faults, both north and south of the proposed location. Cobra believes that moving this location north could possibly cause us to cross the northern fault. Also, included with this application is a list of affected persons and plat designating their relationship to the proposed location. A copy of this application and all attachments have been sent to the District Office of the Oil Conservation Division in Hobbs.

Cobra Oil & Gas Corporation respectfully requests approval of this unorthodox location on the basis of the information supplied to the New Mexico Oil Conservation Division and the Bureau of Land Management.

Thank you for your consideration of this request. Should you require additional information, please advise.

Sincerely yours,

A handwritten signature in black ink that reads "Rory Edwards". The signature is fluid and cursive, with the first name "Rory" and last name "Edwards" clearly legible.

Rory Edwards
Production Supervisor

RE/jt
Enclosures