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December 10, 1996

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

Re: Application for Unorthodox Location
State 3 #1
Lea County, New Mexico

Dear Mr. Lemay:

Cobra Oil & Gas Corporation has filed a permit to drill the above captioned well with the New Mexico Oil Conservation Division. The proposed location will be in the SE/4 of NW/4 of Section 3, T10S-R36E, in Lea County. Attached is a plat of the proposed location which was picked based on 3D seismic and believed to be the best geological location for the drilling of this well.

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.

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 written in a cursive, flowing style.

Rory Edwards
Production Supervisor
LTR222

RE/ct
Enclosures