

RELIANCE OPERATING COMPANY

Oil & Gas Exploration and Development

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Midland, Texas 79702

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April 28, 1999

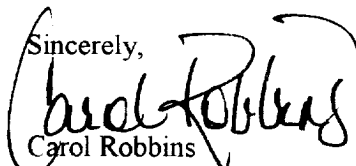
Mr. Chris Williams
NMOCD
1625 N. French Dr.
Hobbs, NM 88240

Dear Mr. Williams:

Reliance Operating Company requests administrative approval for an unorthodox location for the Federal "D" #3 located in Section 31 of T-9-S, R-36-E, Lea County. This well was previously approved as an unorthodox location in the Devonian; Reliance now asks for approval in the Atoka.

Attached is a plat showing the 320 acre gas unit as well as a plat showing the affected offset operators; the offset operators have been notified of our application. The north, northeast, south and southwest offset is Marbob; the east offset is Yates. The remaining offsets are either the State of New Mexico as mineral owner or our working interest partners in the subject well, PetroVen and Rutter & Wilbanks.

Sincerely,


Carol Robbins
Agent - Regulatory Affairs

*Called Carol Robbins 5/13/99
and told her that she must apply
for NSL through Santos Fe. Engineering
Mike Stogner! CW*