

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)
30-025-31552

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK					
1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Lovington San Andres Unit				
b. Type of Well: OR. WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>	8. Well No. #86				
2. Name of Operator Greenhill Petroleum Corporation	9. Pool name or Wildcat Lovington Grayburg San Andres				
3. Address of Operator 11490 Westheimer, Suite 200; Houston, Tx. 77077					
4. Well Location Unit Letter <u>C</u> : <u>1170</u> Feet From The <u>North</u> Line and <u>1400</u> Feet From The <u>West</u> Line Section <u>6</u> Township <u>17 South</u> Range <u>37 East</u> NMPM <u>Lea</u> , County					
10. Proposed Depth 5150'	11. Formation San Andres				
12. Rotary or C.T.					
13. Elevations (Show whether DF, RT, CB, etc.) 3811	14. Kind & Status Plug. Bond On File				
15. Drilling Contractor TBD	16. Approx. Date Work will start 4/92				
17. PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	8 5/8	24	1300'	550	Surface
7 7/8	5 1/2	15.5	5150'	1000	Surface

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Michael Newport TITLE Land Manager-Permian Basin DATE 3-23-92
 (713)
 TELEPHONE NO. 589-8484

TYPE OR PRINT NAME Michael J. Newport

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
 DISTRICT I SUPERVISOR

CONDITIONS OF APPROVAL, IF ANY:

NAI-3108

Permit Expires 6 Months From Approval
 Date Unless Drilling Underway.

APR 06 1992

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

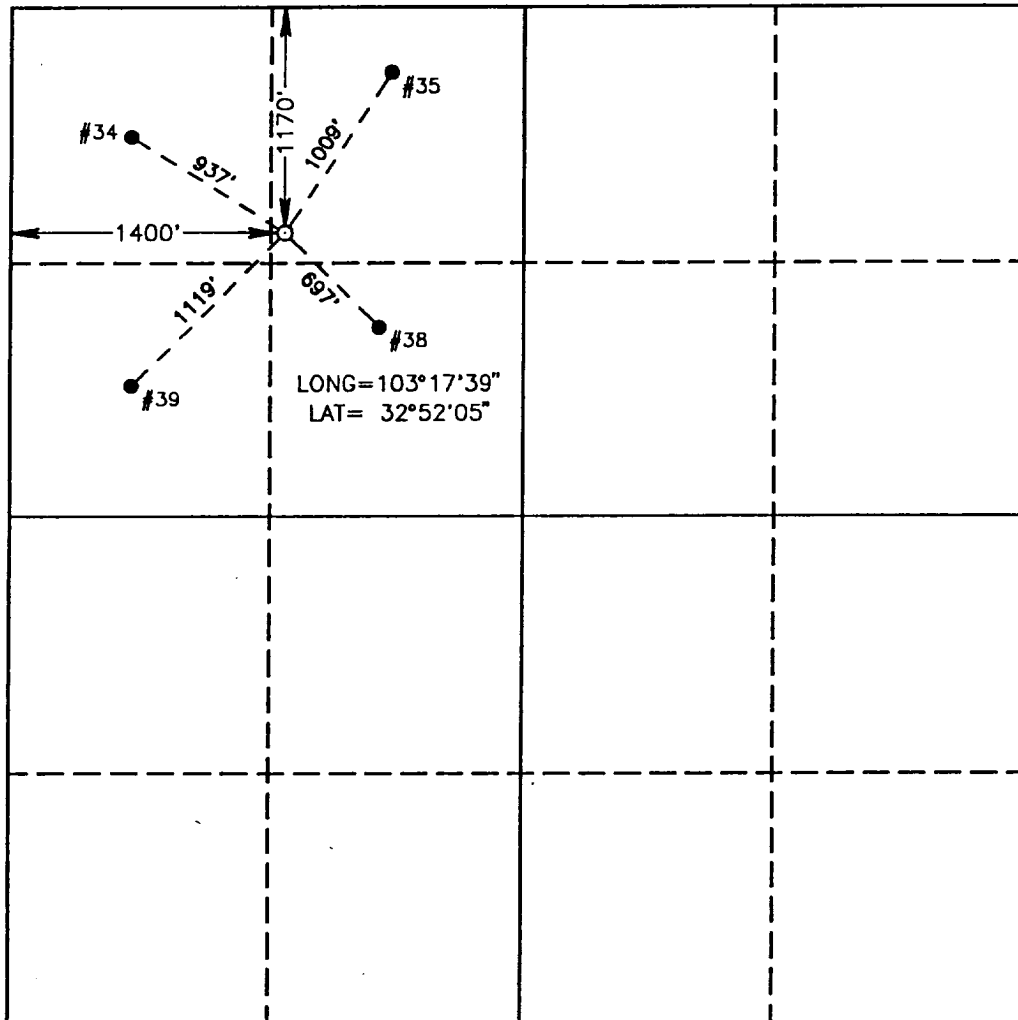
Operator GREENHILL PETROLEUM CORP.			Lease LOVINGTON SAN ANDRES UNIT		Well No. 86
Unit Letter C	Section 6	Township 17 SOUTH	Range 37 EAST	County LEA	
Actual Footage Location of Well: 1170 feet from the NORTH line and 1400 feet from the WEST line					
Ground Level Elev. 3811.9'	Producing Formation San Andres		Pool Lovington Grayburg San Andres		Dedicated Acreage: 40.12 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation unitized

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Michael Newport*
 Printed Name: Michael J. Newport
 Position: Land Manager-Permian Basin
 Company: Greenhill Petroleum Corp.
 Date: 3-23-92

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

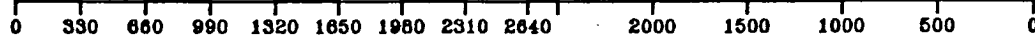
Date Surveyed: FEBRUARY 20, 1992

Signature & Seal of Professional Surveyor

REGISTERED LAND SURVEYOR

Ronald J. Eidsos

Certificate No. JOHN W. SWEST 676
 RONALD J. EIDSON 3239
 MEXICO 7977



GREENHILL PETROLEUM CORPORATION
 BOP PROGRAM FOR
 LOVINGTON SAN ANDRES UNIT NUMBER 86

<u>CASING PROGRAM</u>				<u>BOP PROGRAM</u>	
<u>Size</u>	<u>Depth</u>	<u>Wt.</u>	<u>Grade</u>	<u>Configuration</u>	<u>Test Pressure</u>
8 5/8"	1300'	24	H40, STC	RA*	200 psi
5 1/2"	5150'	15.5	K55, STC	RR*	250/1500 psi

*RR-Ram Ram
 RA-Ram Annular
 Diverter-Hydrill may be substituted for a diverter.

sjs:s
 92.222