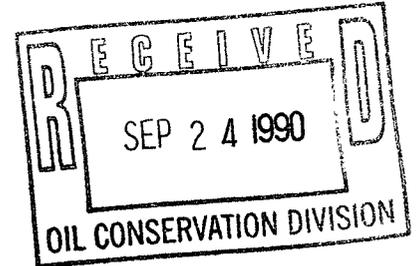


PYRAMID ENERGY, INC.

Pacific Plaza • 14100 San Pedro, Suite 700

San Antonio, Texas 78232 • (512) 490-5000 • FAX: (512) 494-0406

September 21, 1990



Michael E. Stogner
NMOCD
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Unorthodox Location
East Pearl Queen Unit #89
T19S, R35E
Lea County, New Mexico

Dear Mr. Stogner:

This letter shall serve as our request to have the following unorthodox location approved by your office.

1310' FNL 1310' FWL, Sec. 34, Unit D, T19S, R35E

On the attached plat, you will note our location lies within the unit boundaries of the East Pearl Queen Unit. We offset ourselves on these locations. We are requesting approval of this location because it will allow us to establish a more efficient waterflood pattern within the unit.

Should you have any questions, please call.

Sincerely,

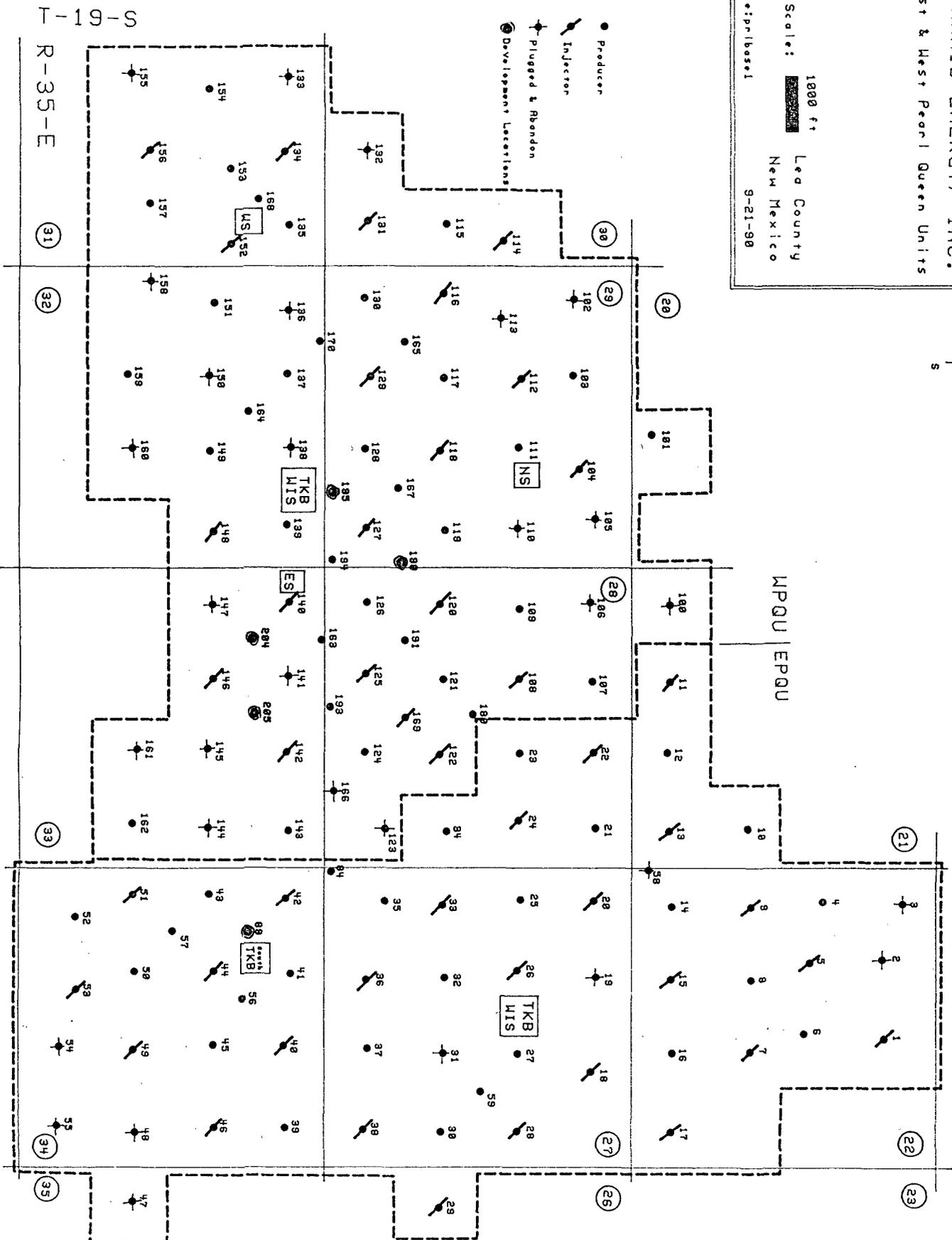
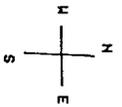
Scott Graef
Production Engineer

attachment .

cc: NMOCD - Hobbs

PYRAMID ENERGY, INC.
East & West Pearl Queen Units

Scale: 1800 ft
Lead County
New Mexico
9-21-98
file:pr/bsae1



S-19-1
R-35-E

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

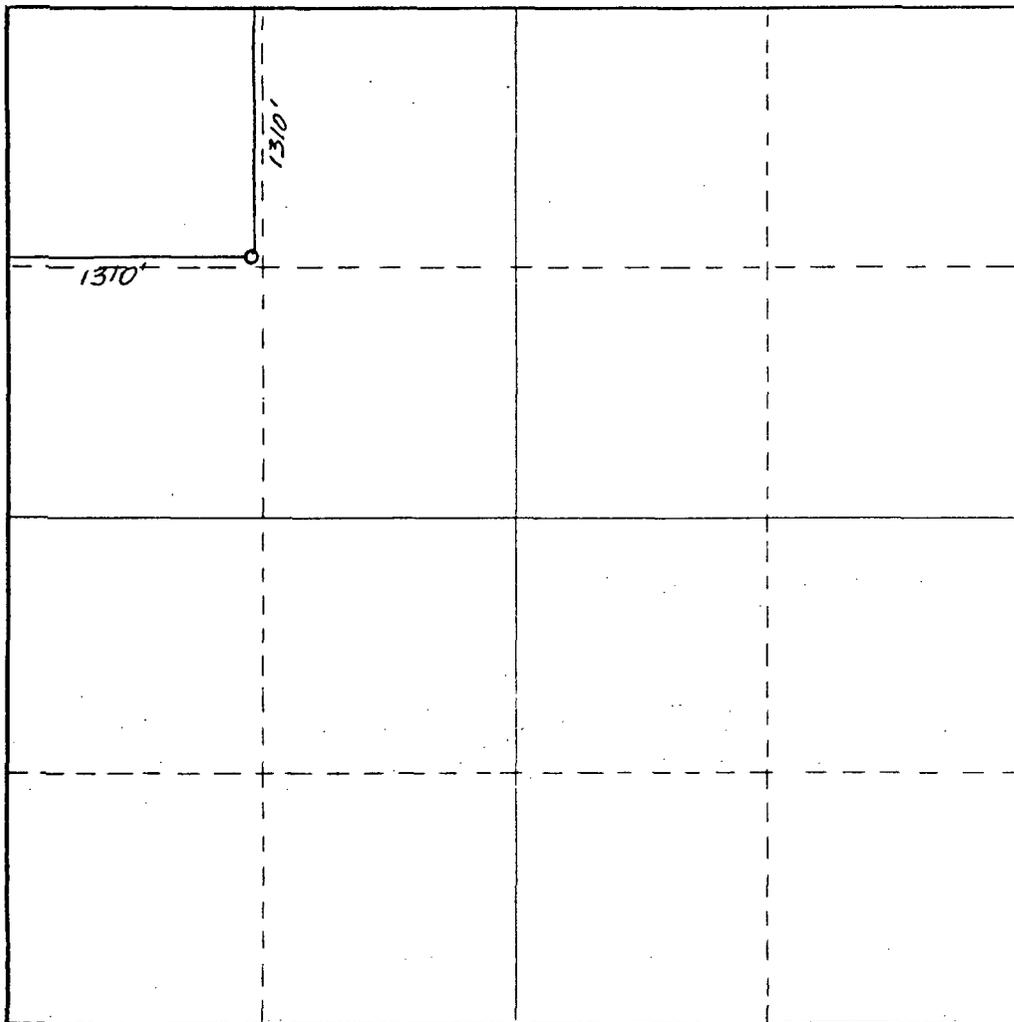
Operator PYRAMID ENERGY INC.		Lease East Pearl Queen Unit			Well No. 89
Unit Letter D	Section 34	Township 19 South	Range 35 East	County Lea County, N.M.	
Actual Footage Location of Well: 1310 feet from the North line and 1310 feet from the West line					
Ground Level Elev. 3697.	Producing Formation Queen	Pool Pearl Queen	Dedicated Acreage: 40 Acres		

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

Yes No If answer is "yes," type of consolidation Unitization, R-2728

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

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



CERTIFICATION

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

Scott Graft

Name

Position

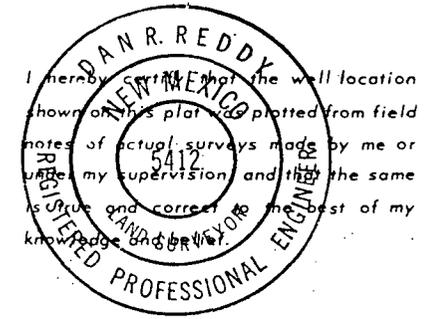
Production Engineer

Company

Pyramid Energy, Inc.

Date

Sept. 21, 1990



Date Surveyed

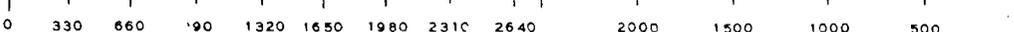
September 19, 1990

Registered Professional Engineer and/or Land Surveyor

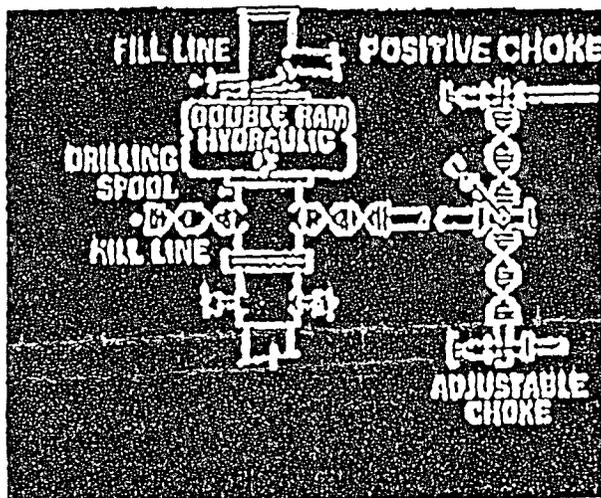
Dan R. Reddy

Certificate No.

NM PE&PS NO. 5412



BOP



(EAST PEARL-QUEEN (EAST PEARL-QUEEN UNIT WATERFLOOD) POOL - Cont'd.)

Shell-Hopper 2	B	27
Shell-McIntosh 1	D	27
Shell-State PB-1	F	27
Shell-Allen Est. A-1	H	27
Shell-Allen Est. 1	J	27
Shell-McIntosh 3	L	27
Shell-State PA-2	N	27
Shell-Allen Est. 3	P	27
Shell-McIntosh C-1	B	28
Shell-McIntosh C-4	H	28
Shell-State PC-2	B	34
Shell-State PD-1	D	34
Shell-State PD-3	F	34
Shell-State PE-1	H	34
Shell-State PF-1	J	34
Gulf-State AR-2	L	34
Mid-Tex - Gulf State 1	N	34
Shell-State PG-1	P	34
Shell-State PE-2	L	35

(2) (As Amended by Order No. R-2538-A, September 8, 1969) That the subject waterflood project shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional producing wells at unorthodox infill locations as may be necessary to complete an efficient production pattern, provided said wells are drilled no closer than 990 feet to the outer boundary of said East Pearl-Queen Unit nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary, and provided further that the application therefor has been filed in accordance with Rule 701 B of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1119 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

BAISH POOL
(Continental - Yates Waterflood)
Lea County, New Mexico

Order No. R-2566, Authorizing Continental Oil Company to Institute a Waterflood Project in the Yates Formation in the Baish Pool, Lea County, New Mexico, September 11, 1963.

Application of Continental Oil Company for a Waterflood Project, Lea County, New Mexico.

CASE NO. 2892
Order No. R-2566

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on September 4, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 11th day of September, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks authority to institute a waterflood project in the Baish Pool by the injection of water into the Yates formation through four wells in the NE/4 of Section 21, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project is in the interest of conservation and should result in recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the subject application should be approved and the project should be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

EAST PEARL-QUEEN POOL
(East Pearl-Queen Unit Waterflood)
Lea County, New Mexico

East Pearl-Queen Unit Area comprises 2440 acres, more or less of State and Fee lands in Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, as more fully described in said order.

Order No. R-2538, Authorizing Shell Oil Company to Institute a Waterflood Project in the East Pearl-Queen Unit Area, East Pearl-Queen Pool, Lea County, New Mexico, August 7, 1963, as Amended by Order No. R-2538-A, Effective September 8, 1969.

(3) That the applicant, Shell Oil Company, seeks permission to institute a waterflood project on its East Pearl-Queen Unit by the injection of water into the Queen formation through 31 wells located within said unit area.

Application of Shell Oil Company for a Waterflood Project, Lea County, New Mexico.

(4) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(5) That the proposed waterflood project is in the interest of conservation and should result in recovery of otherwise unrecoverable oil, thereby preventing waste.

CASE NO. 2851
Order No. R-2538

(6) That the subject application should be approved and the project should be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on July 24, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to institute a waterflood project in the East Pearl-Queen Unit Area, Lea County, New Mexico, by the injection of water into the Queen formation through the following-described 31 wells in Township 19 South, Range 35 East, NMPM, Lea County, New Mexico:

NOW, on this 7th day of August, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

WELL	UNIT	SECTION
Sanford-Union State 1	N	15
Shell-McIntosh E-1	N	21
Shell-McIntosh D-1	P	21
Shell-Rushing 2	B	22
Shell-McIntosh B-3	D	22
Shell-Signal State 1	F	22
Colton-Texaco Moran 2	H	22
Shell-Kimberlin 4	J	22
Shell-McIntosh B-1	L	22
Shell-Kimberlin 2	N	22
Collier-State 1	P	22
Shell-Record 1	L	26

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the East Pearl-Queen Unit Agreement has been approved by the Commission by Order No. R-2537; that the