



GREENHILL PETROLEUM CORPORATION

RECEIVED

12777 JONES ROAD, SUITE 375
HOUSTON, TEXAS 77070
TELEPHONE (713) 955-1146
FAX (713) 955-5105

Incorporated in Delaware, U.S.A.

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September 5, 1990

Oil Conservation Division
State of New Mexico
Energy, Minerals and Natural Resources Dept.
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attn: Mike Stogner

Re: Unorthodox Location and Drilling Permit
Proposed Well No. 23
Skaggs Grayburg Unit
Lea County, New Mexico

Greenhill Petroleum Corporation respectfully requests the State of New Mexico Oil Conservation Division grant approval of the proposed unorthodox location and the attached permit to drill Well Number 23 in the Skaggs Grayburg Unit, located in Lea County, New Mexico.

The Skaggs Grayburg Unit is presently developed and being water-flooded utilizing a 40-acre well density. It is believed that infill development using a 20-acre well density will improve water-flood sweep efficiency and will increase secondary oil recovery. The proposed location for Well Number 23 is located in the interior of the unit and is not competitive with offset wells outside the unit. Information gathered as a result of drilling this infill well will be utilized in evaluating additional infill development potential in the unit and ultimately may be used to evaluate the feasibility of tertiary recovery.

Greenhill Petroleum Corporation wishes to commence drilling operations on the proposed well as soon as possible and would appreciate a response to this request at your earliest convenience.

Respectfully yours,

GREENHILL PETROLEUM CORPORATION



Michael J. Newport
Landman

MJN:ntd
Enclosures
SGU012



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Amerada Hess Corporation
P. O. Box 2040
Tulsa, OK 74102

Attn: Mr. Bob Cawood

Re: Skaggs Grayburg Unit
Well Number 23
Lea County, New Mexico

Dear Mr. Cawood:

This letter is to inform you that Greenhill Petroleum Corporation will be drilling Well Number 23 in the Skaggs Grayburg Unit at the following location: 25 FNL and 150 FWL, Section 18, T20S-R38E.

The Commission has required that we notify the offset operators because we are drilling this on a 20 acre well density.

Very truly yours,

Michael J. Newport
Landman

MJN:ntd
SKU013