



RECEIVED DIVISION
'90 NOV 8 AM 9 37
GREENHILL PETROLEUM CORPORATION

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

Incorporated in Delaware, U.S.A.

November 5, 1990

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

Attn: Michael E. Stogner

Re: Skaggs Grayburg
Well No. 23
Lea County, NM

Call Evelyn when attached

Enclosed please find the C-101 and 102 with plat showing offset operators covering Well No. 23 in the Skaggs Grayburg Unit Area. Enclosed please find a copy of the letter I sent Amerada Hess informing them of our unorthodox location.

Please advise if I may provide you with additional information.

Sincerely,

Michael Newport
Michael J. Newport
Landman

MJN:JB
Enclosures

OIL CONSERVATION DIVISION

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

Box 1980, Hobbs, NM 88240

Drawer DD, Artesia, NM 88210

Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

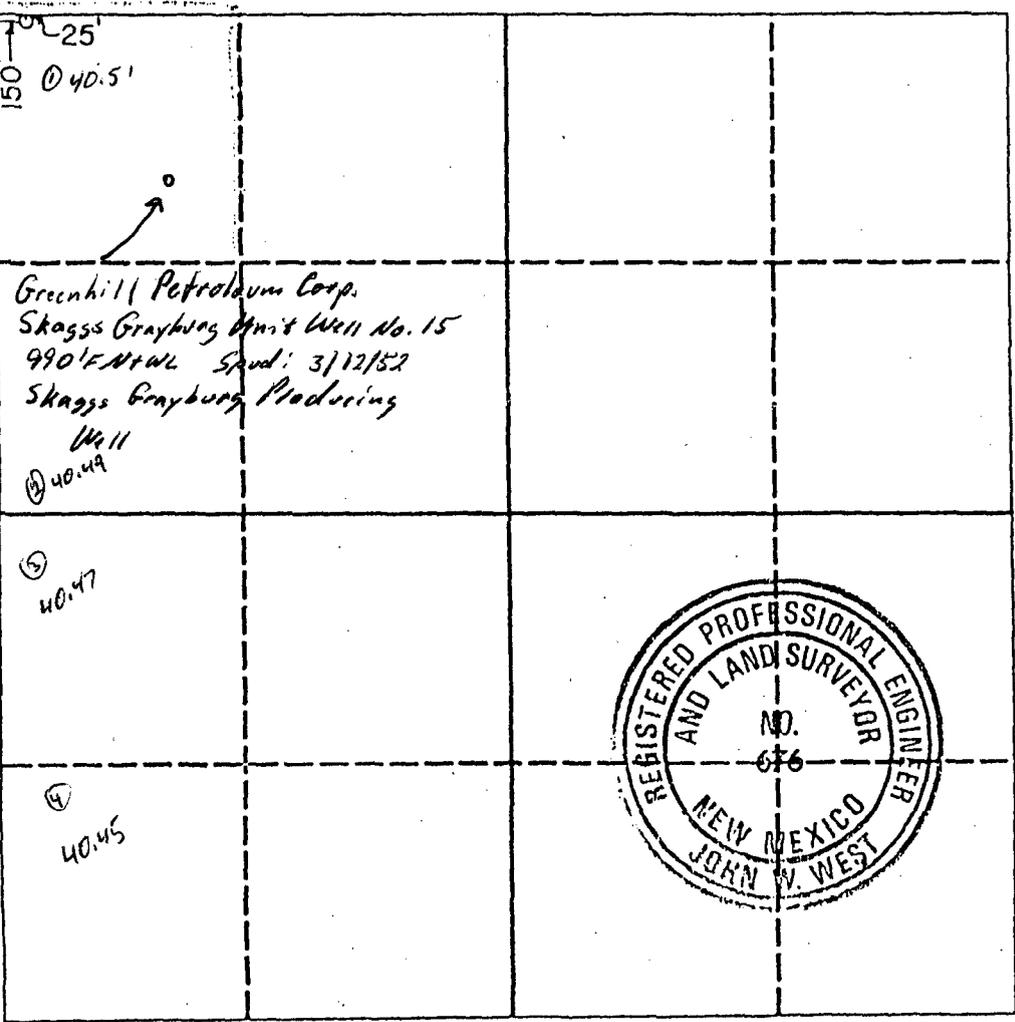
All Distances must be from the outer boundaries of the section

Operator GREENHILL PETROLEUM CORP.			Lease Skaggs Grayburg Unit		Well No. 23
Section Letter D	Section 18	Township 20 South	Range 38 East	County Lea	

Well Footage Location of Well:

25 feet from the North line and	150 feet from the West line
Ground level Elev. 3558.1	Dedicated Acreage: 20 Acres
Producing Formation Skaggs Grayburg	Pool Skaggs Grayburg

- 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 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 interest, has been approved by the Division.

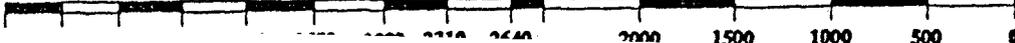


OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Michael Newport
Printed Name: Michael J. Newport
Position: Landman
Company: Greenhill Petroleum
Date: 10/1/90

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: August 23, 1990
Signature & Seal of Professional Surveyor: John W. West
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239



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

to Appropriate
Office
Lease - 6 copies
Lease - 5 copies

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)

30-025-31024

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

RE-ENTER

DEEPEN

PLUG BACK

b. Type of Well:

OIL WELL

GAS WELL

OTHER

SINGLE ZONE

MULTIPLE ZONE

7. Lease Name or Unit Agreement Name

Skaggs Grayburg Unit

2. Name of Operator

Greenhill Petroleum Corporation

8. Well No.

23

3. Address of Operator

16010 Barkers Point Lane, Ste 325, Houston, TX 77079

9. Pool name or Wildcat

Skaggs Grayburg

4. Well Location

Unit Letter D : 25 Feet From The North Line and 150 Feet From The West Line

Section 18

Township 20 South

Range 38 East

NMPM

Lea

County

10. Proposed Depth

4200'

11. Formation

Grayburg

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

3558 GR

14. Kind & Status Plug. Bond

Blanket on file

15. Drilling Contractor

TBD

16. Approx. Date Work will start

10-15-90

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#	1450'	800	Surface
7 7/8"	5 1/2"	15.5#	4200'	450	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

Landman

DATE

10/1/90

TYPE OR PRINT NAME

Michael J. Newport

TELEPHONE NO.

713 9551146

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

Mike



GREENHILL PETROLEUM CORPORATION

12777 JONES ROAD, SUITE 378
HOUSTON, TEXAS 77070
TELEPHONE (713) 955-1146
FAX (713) 955-5105

Incorporated in Delaware, U.S.A.

September 5, 1990

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

PS Form 3800, 5. 1982 * U.S.G.P.O. 1984-446-014

Postmark or Date	9/5/90
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$

Sent to: AMERADA HESS CORP
 Street and No.: BOB CAWOOD, PO BOX 2040
 P.O., State and ZIP Code: TULSA, OK 74102
 Postage: \$
 Certified Fee:
 Special Delivery Fee:
 Restricted Delivery Fee:
 Return Receipt Showing to whom and Date Delivered:
 Return receipt showing to whom, Date, and Address of Delivery:
 TOTAL Postage and Fees: \$

P 172 380 144
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

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

(NORTH HUAPACHE UNIT - Cont'd.)

ment within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) 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.

SKAGGS GRAYBURG UNIT
Lea County, New Mexico

Order No. R-3062, Approving the Skaggs Grayburg Unit Agreement, Lea County, New Mexico, May 4, 1966.

Application of Texaco Inc. for Approval of the Skaggs Grayburg Unit Agreement, Lea County, New Mexico.

CASE NO. 3397
Order No. R-3062

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on April 27, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of May, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Texaco Inc., seeks approval of the Skaggs Grayburg Unit Agreement covering 880 acres, more or less, of Fee land described as follows:

LEA COUNTY, NEW MEXICO

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 12: SW/4 SW/4, E/2 SW/4, and SE/4
Section 13: NW/4, E/2 NE/4, NW/4 NE/4,
and NE/4 SW/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 7: W/2 SW/4 and SE/4 SW/4
Section 18: W/2 NW/4, NE/4 NW/4,
and NW/4 NE/4

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Skaggs Grayburg Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall terminate ipso facto upon the termination of said unit agreement and the last unit operator shall notify the Commission immediately in writing of such termination.

(5) 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.

(SHUGART (ATLANTIC - YATES AND QUEEN WATERFLOOD) POOL - Cont'd.)

injection wells at such locations and at such time as may be necessary to complete an efficient waterflood injection pattern, and may, upon unitization, approve the consolidation of the aforesaid projects or the expansion of said projects to include additional adjacent lands.

(3) That monthly progress reports of the waterflood projects herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 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.

SKAGGS-GRAYBURG POOL (Skaggs-Grayburg Unit Area Waterflood) Lea County, New Mexico

Order No. R-3063, Authorizing Texaco Inc., to Institute a Waterflood Project in the Skaggs Grayburg Unit Area, Skaggs-Grayburg Pool, Lea County, New Mexico, May 4, 1966.

Application of Texaco Inc. for a Waterflood Project, Lea County, New Mexico.

CASE NO. 3398 Order No. R-3063

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on April 27, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on the 4th day of May, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Texaco Inc., seeks permission to institute a waterflood project in the Skaggs Grayburg Unit Area, Skaggs-Grayburg Pool, by the injection of water into the Grayburg formation through eleven injection wells in Sections 12 and 13, Township 20 South, Range 37 East, and Sections 7 and 18, Township 20 South, Range 38 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 should result in the 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 Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby authorized to institute a waterflood project in the Skaggs Grayburg Unit Area, Skaggs-Grayburg Pool, by the injection of water into the Grayburg formation through the following-described wells in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

- Texaco-C. H. Weir 'A' Well No. 1 - NE/4 SW/4 of Section 12
Texaco-C. H. Weir 'A' Well No. 3 - NE/4 SE/4 of Section 12
Texaco-M. B. Weir 'B' Well No. 3 - SW/4 SE/4 of Section 12
Texaco-M. B. Weir 'B' Well No. 6 - SW/4 SW/4 of Section 12
Texaco-L. R. Kershaw Well No. 1 - NE/4 NE/4 of Section 13
Texaco-L. R. Kershaw Well No. 4 - NE/4 NW/4 of Section 13
Texaco-L. R. Kershaw Well No. 5 - NE/4 SW/4 of Section 13
Texaco-L. R. Kershaw Well No. 6 - SW/4 NW/4 of Section 13

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

- Texaco-M. B. Weir 'B' Well No. 2 - SW/4 SW/4 of Section 7
Texaco-M. B. Weir 'A' Well No. 2 - SW/4 NW/4 of Section 18
Sweet-Trickey Well No. 2 - NW/4 NE/4 of Section 18

(2) That the subject waterflood project is hereby designated the Skaggs Grayburg Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 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 1120 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.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

October 29, 1990

Greenhill Petroleum Corporation
12777 Jones Road
Suite 375
Houston, TX 77079

Attention: Michael J. Newport

RE: *Application for a non-standard oil well location: Skaggs Grayburg Unit Well No. 23;
25' FNL - 150' FWL (Unit D) 18-T20S-R38E, Lea County, New Mexico.*

Dear Mr. Newport:

We may not process the subject application for a non-standard location until the required information or plat(s) checked below are submitted.

- A plat must be submitted clearly showing the ownership of the offsetting leases.
 - A statement must be submitted that offset operators have been notified of the application by certified mail.
 - A plat must be submitted fully identifying the topography necessitating the non-standard location.
 - Other: Forms C-101 and C-102
-

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer