

EXHIBIT "A"

Shipp No. 1 - RE-ENTRY OFFSET OPERATORS
W/2 NE/4 Section 11-17S-37E Lea County, New Mexico

Amerind Oil Company
500 Wilco Building
Midland, Texas 79701
Attn: Robert C. Leibrock

Bechtel Energy Partners, Ltd.
5400 Westheimer Court, Ste. 570
Houston, Texas 77056
Attn: Karen Franklin

Bill Seltzer
507 Petroleum Building
Midland, Texas 79701

Chevron U.S.A. Inc.
P. O. Box 1150
Midland, Texas 79702
Attn: Mickey Cohlma

Conoco Inc.
P. O. Box 460
Hobbs, New Mexico 88240
Attn: Jim McGhee

Mesa Operating Limited Partnership
P. O. Box 2009
Amarillo, Texas 79189-2009
Attn: Larry Hemmingway

Pennzoil Company
P. O. Box 2967
Houston, Texas 77252-2967
Attn: Greg Davis

Texaco, Inc.
P. O. Box 3109
Midland, Texas 79702
Attn: Curtis Smith

Charles B. Gillespie, Jr.

Oil Producer-Investor

P. O. Box Eight

Midland, Texas 79702

(915) 683-1765

November 17, 1988

OPERATORS LISTED ON EXHIBIT A

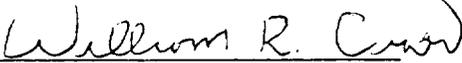
Re: Shipp No. 1 Well, W $\frac{1}{2}$ NE $\frac{1}{4}$ Section 11, T-17-S, R-37-E,
Lea County, New Mexico; Proposed Bottom Hole Location:
990' FNL and 2310' FEL

Charles B. Gillespie, Jr. has applied to the New Mexico Oil Conservation Division for approval of directional drilling and an unorthodox bottom hole location for the above well as described in the attached Application. This hearing will be held on Wednesday, December 7, 1988 at 8:15 a.m. in Santa Fe, New Mexico. The offices of the Oil Conservation Division are located on the second floor of the State Land Office Building, 310 Old Santa Fe Trail, in Santa Fe. Failure to appear at that time will foreclose any protest by you.

If you have no objection to this proposal, please sign the attached waiver and mail to the undersigned. A self-addressed, stamped envelope is enclosed for your convenience.

Very truly yours,

CHARLES B. GILLESPIE, JR.



William R. Crow
Exploration Manager

WRC/vjc
Enclosures

WAIVER

Charles B. Gillespie, Jr.
P. O. Box 8
Midland, Texas 79702

Attn: William R. Crow

This is to advise that the undersigned has been given due notice that Charles B. Gillespie, Jr. has made an application for directional drilling and an unorthodox bottom hole location for the Shipp Well No. 1 in the Humble City Strawn Pool.

We hereby waive any objection to the granting of this application for the above well which bottom hole will be located 990' FNL and 2310' FEL of Section 11, T17S, R37E, Lea County, New Mexico.

EXECUTED this _____ day of _____, 1988.

COMPANY _____

BY _____

TITLE _____

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Attn: Greg Davis

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P. O. Box 3109
Midland, Texas 79702
Attn: Curtis Smith

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION

APPLICATION OF CHARLES B. GILLESPIE,
JR. FOR APPROVAL OF DIRECTIONAL
DRILLING AND AN UNORTHODOX
SUBSURFACE LOCATION, LEA COUNTY, NEW
MEXICO.

Case No. _____

APPLICATION

CHARLES B. GILLESPIE, JR. hereby applies to the New Mexico Oil Conservation Division for approval of directional drilling and an unorthodox subsurface location in the Humble City Strawn Oil Pool, and in support thereof would show:

1. Applicant is the operator of the Shipp No. 1 Well, located in the W½NE¼ of Section 11, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Applicant, with the consent of all working interest owners, drilled the Shipp No. 1 Well to a depth of 11,880 feet, with a W½NE¼ Section 11 proration unit, at a surface location 550 feet from the North line and 2,310 feet from the East line of Section 11.

3. Applicant proposes to plug back its Shipp No. 1 Well to approximately 8,500 feet, at which point Applicant will commence directionally drilling the subject well to penetrate the top of the Strawn Formation at a true vertical depth of approximately 11,450 feet, to be within a 75 foot radius of an unorthodox subsurface target which will be 990 feet from the North line and 2,310 feet from the East line of Section 11.

4. Applicant proposes that the proration and spacing unit for the subject well will remain as the W₁NE₄ of Section 11.

5. Applicant's well will be an attempt to obtain production from the Humble City Strawn Oil Pool, and requires an exception to the pool rules which require wells to be located within 150 feet of the center of a quarter-quarter section.

6. In accordance with Division Rule 111, Applicant seeks approval to directionally drill the subject well based upon geologic and economic reasons.

7. Notice is being provided to all parties listed on Exhibit A attached hereto.

8. Applicant requests that this application be set for hearing on December 7, 1988.

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By 151
James Bruce
500 Marquette, N.W.
Suite 740
Albuquerque, New Mexico 87102
(505) 768-1500

WAIVER

NOV 2 9 1988

Charles B. Gillespie, Jr.
P. O. Box 8
Midland, Texas 79702

Attn: William R. Crow

This is to advise that the undersigned has been given due notice that Charles B. Gillespie, Jr. has made an application for directional drilling and an unorthodox bottom hole location for the Shipp Well No. 1 in the Humble City Strawn Pool.

We hereby waive any objection to the granting of this application for the above well which bottom hole will be located 990' FNL and 2310' FEL of Section 11, T17S, R37E, Lea County, New Mexico.

EXECUTED this 28 day of NOVEMBER, 1988.

COMPANY CHEVRON U.S.A., INC

BY Mickey J. Collins

TITLE Sr. Land Representative

MIDLAND, TEXAS 79702

WAIVER

NOV 22 1988

Charles B. Gillespie, Jr.
P. O. Box 8
Midland, Texas 79702

Attn: William R. Crow

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EXECUTED this 18th day of November, 1988.

COMPANY Amerind Oil Co.
BY [Signature]
TITLE Partner

WAIVER

Charles B. Gillespie, Jr.
P. O. Box 8
Midland, Texas 79702

NOV 22 1988

Attn: William R. Crow

This is to advise that the undersigned has been given due notice that Charles B. Gillespie, Jr. has made an application for directional drilling and an unorthodox bottom hole location for the Shipp Well No. 1 in the Humble City Strawn Pool.

We hereby waive any objection to the granting of this application for the above well which bottom hole will be located 990' FNL and 2310' FEL of Section 11, T17S, R37E, Lea County, New Mexico.

EXECUTED this 21 day of Nov, 1988.

COMPANY

BY

TITLE