

HADSON

April 25, 1989

BTA Oil Producers
104 South Pecos
Midland, Texas 79701-9988

Attention: Mr. C. Robert Crawford

Re: BTA Grama 8817 JV-P #1
SE/4, SW/4 SEC. 27, T21S, R34E
Lea County, New Mexico

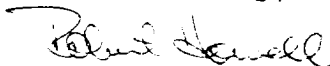
Gentlemen:

Llano, Inc., a subsidiary of Hadson New Mexico, has become aware that BTA is proposing to drill a well to the Morrow formation at a location in the SE/4, SW/4 Section 27, T21S, R34E, Lea County, New Mexico.

Llano assumes that BTA is aware that Llano, Inc.'s Grama Ridge Morrow gas storage project consists of Sections 33 and 34 of T21S, R34E, and Sections 3,4, and 10 of T22S, R34E, Lea County, New Mexico. The defined area is covered by existing formal agreements between Llano and the State of New Mexico, as well as Llano and the United States Government, which designate and unitize the Morrow formation for underground storage purposes.

Llano feels there is a possibility that the limits of the storage reservoir do extend into Section 27. Therefore, we solicit BTA's cooperation in the exchange of current and future geological and reservoir information on your proposed well, only as this information relates directly to Llano's unitized Morrow gas storage interval. Should interpretation of this data indicate communication and, therefore, the presence of stored gas under Section 16, Llano also requests your assistance in resolving the situation to our mutual satisfaction.

Respectfully,




Robert Howell
Vice President
Facilities Operations
Llano, Inc.

RH/CR/br

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LLANO, INC. 

A SUBSIDIARY OF HADSON NEW MEXICO, INC.