

GREENHILL PETROLEUM CORPORATION

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

Call you afferred

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

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 J. Newport

Landman

MJN:JB Enclosures State of New Mexico

Minerals and Natural Resources Departm

Form C-102 Revised 1-1-89

ox 1980, Hobba, NM 88240

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

Drawer DD, Artosia, NM 88210

IRICT III
) Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

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3. Address of Operator 16010 Barkers Point Lane, Ste 325, Houston, TX 77079								
4. Well Location Unit Letter	D : 25 Feet Fr	om The North	Line and 150	Feet	From The	West	Line	
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Section 18	Towns	hip 20 South Ran	ge 38 East	NMPM	Lea	Coun	nty	
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17. PROPOSED CASING AND CEMENT PROGRAM								
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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: # PROPOSED 20NE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.	nl is to desiren or filug back, give data on fresent fro	DOUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE
I hereby certify that the information above is true and complete to the best of my SKINATURE Archael Thumport TYPE OR FRINT NAME Michael J. Newport	trowledge and boiler. TITLE Landman	DATE <u>10/1/90</u> 7/3 455/146 TELETHONE NO.
(This space for State Use)		
APPROVED BY	mut	DATE



GREENHILL PETROLEUM CORPORATION

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

(See Reverse)

* U.S.G.P.O. 1984-446-014

Certified Fee

Special Delivery

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

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

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.

PS Form 3800.

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NotiFic

Return receipt showing to whom Date, and Address of Delivery

TOTAL Postage and Fees

Return Receipt Showing to whom and Date Delivered

Restricted Delivery Fee

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

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(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 govern 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-L. R. Kershaw 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. 5 - NE/4 SW/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

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.

\boxtimes	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 <u>certified</u> 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