

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.

October 23, 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: Lovington San Andres Unit Area Well # 63 Lea County, New Mexico

Enclosed please find a copy of the letter which was sent to Oxy, U.S.A. notifying them of our proposed unorthodox location for Well # 63. I am also enclosing a plot summarizing their position. Oxy is the only operator we are required to notify of our unorthodox location. This will supplement the C-101 and C-102 I sent to the Hobbs office on 9-19-90.

Sincerely,

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Michael Newport Landman

MJN:JB Enclosures

cc: Oil Conservation Division P.O. Box 1980 Hobbs, New Mexico 88240



This letter is to hereby notify you that Greenhill Petroleum will be drilling Well No. 63 to a depth of 5100' to test the San Andres formation, 100 FSL and 115 FWL in Section 36, T16S-R36E, Lea County, New Mexico, within our Lovington San Andres Unit. We are obligated by the New Mexico Oil Conservation Commission to notify all offset operators, that we are applying for an unorthodox location within our Lovington San Andres waterflood unit. An unorthodox location means that we are drilling the proposed well on twentyacre spacing instead of 40-acre spacing.

Please sign and return immediately to the above address in the event you do not object to our proposed well.

Very truly yours,

Michael J. Newport Landman

MJN:JB Enclosure

Agreed to and accepted this _____ day of _____, 1990.

Oxy U.S.A.

By: _____