



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

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

782-3108

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL X _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Greenhill Petroleum Corp. Lovington San Andres Unit
Operator Lease & Well No. Unit S-I-R

and my recommendations are as follows:

OK

# 76-B	36-16-36
# 77-E	31-16-37
# 78-F	36-16-36
# 79-K	31-16-37
# 80-O	36-16-36
# 81-N	31-16-37
# 82-O	31-16-37
# 83-J	1-17-36
# 84-B	1-17-36
# 85-H	1-17-36
# 86-C	6-17-37
# 87-J	1-17-36
# 88-J	1-17-36

Yours very truly,

Jerry Sexton
Jerry Sexton
Supervisor, District 1

/ed



GREENHILL PETROLEUM CORPORATION

11490 WESTHEIMER ROAD, SUITE 200
HOUSTON, TEXAS 77077-6841
TELEPHONE (713) 589-8484
FAX (713) 589-7892

Incorporated in Delaware, U.S.A.

March 23, 1992

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

Attention: Mr. Mike Stogner

Re: Unorthodox Location and Drilling Permit
Proposed Well Number 77
Lovington San Andres Unit
Lea County, New Mexico

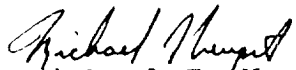
Dear Mr. Stogner:

Greenhill Petroleum Corporation respectfully requests the State of New Mexico Oil Conservation Division grant approval of the proposed unorthodox location and the attached permit to drill Well Number 77 in the Lovington San Andres Unit, located in Lea County, New Mexico.

The Lovington San Andres Unit is presently developed and being waterflooded utilizing a 40-acre well density. It is believed that infill development using a 20-acre well density will improve waterflood sweep efficiency and will increase secondary oil recovery. The proposed location for Well Number 77 is located in the interior of the unit and is not competitive with offset wells outside the unit. Information gathered as a result of drilling this infill well will be utilized in evaluating additional infill development potential in the unit and ultimately may be used to evaluate the feasibility of tertiary recovery.

Greenhill Petroleum Corporation wishes to commence drilling operations on the proposed well as soon as possible and would appreciate a response to this request at your earliest convenience.

Respectfully yours,


Michael J. Newport
Land Manager-Permian Basin

MJN:sjs
92. 204
Enclosures

