



GREENHILL PETROLEUM CORPORATION

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Incorporated in Delaware, U.S.A.

March 24, 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 125
Lovington Paddock 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 125 in the Lovington Paddock Unit, located in Lea County, New Mexico.

The Lovington Paddock Unit is presently developed and being waterflooded utilizing a forty (40) acre well density. It is believed that infill development using a twenty (20) acre well density will improve waterflood sweep efficiency and will increase secondary oil recovery. The proposed location for Well Number 125 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
Michael J. Newport
Land Manager - Permian Basin

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Enclosures



