

HADSON

March 3, 1989

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

Attention: Mr. C. Robert Crawford

Re: BTA Grama 8817 JV-P Com #1
NE/4, NW/4 SEC. 16, T22S, 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 NE/4, NW/4 Section 16, T22S, 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 16. 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,



Roger Cooper
Sr. Vice President and
Chief Operating Officer
Llano, Inc.

RC/CR/br

xc: William J. LeMay
State of New Mexico
Energy and Minerals Dept.
Oil Conservation Division
Post Office Box 2088
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NM Oil Conservation Division
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LLANO, INC. 

A SUBSIDIARY OF HADSON NEW MEXICO, INC.

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