

HADSON

May 1, 1990

Oryx Energy Company
No. 24 Smith Road, Suite 300
Midland, Texas 79705-4405

Attention: Mr. Joe Haskell

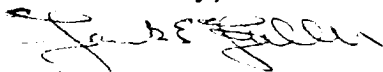
Re: Oryx Energy Company
Grama Ridge Federal #2
Sec. 9 T22S R34E
Lea County, New Mexico

Llano, Inc., a subsidiary of Hadson New Mexico, has become aware that Oryx Energy Company is proposing to drill a well to the Morrow formation at a location in the NW/4 of NW/4 Section 9, T22S R34E, Lea County, New Mexico.

Llano assumes that Oryx is aware that Llano, Inc.'s Grama Ridge Morrow gas storage project consists of Sections 33 and 34 of T21S, R39E 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 9. Therefore, we solicit Oryx'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 9, Llano requests your assistance in resolving the situation to our mutual satisfaction.


Respectfully,



Frank E. Fuller
General Manager, Llano, Inc.

FF:br

xc: Dave Tolson	xc: Jerry Sexton
xc: William J. LeMay	NM Oil Conservation Division
State of New Mexico	Post Office Box 1980
Energy and Minerals Dept.	Hobbs, NM 99240
Oil Conservation Div.	
Post Office Box 2088	
Santa Fe, New Mexico 87501	

LLANO, INC. 

A SUBSIDIARY OF HADSON NEW MEXICO, INC.

HADSON NEW MEXICO, INC. - NEW MEXICO 88000