

JOHN H. HENDRIX CORPORATION



(915) 684-6631
223 WEST WALL, SUITE 525
MIDLAND, TEXAS 79701

January 7, 1992

Mr. Jerry Sexton
New Mexico Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

*American Blinebry
assigned acreage to Hendrix
eff 4-1-92*

RE: Lynch #3 and Christmas #1
Blinebry Oil Pool Allowables
SW/4 Section 1, T22S - R37E
Lea County, New Mexico

Dear Mr. Sexton:

American Exploration Company owns Blinebry Gas Pool rights in the SW/4 Section 1, T22S - R37E. They are producing about 1.5 BOPD and 305 MCF/GPD from the Lynch-Christmas Com #4 well, which has 160 acres dedicated to it. John H. Hendrix Corporation owns the Blinebry Oil Pool rights in this quarter section and has successfully completed the Lynch #3 and Christmas #1 wells in the Blinebry Oil Pool. (See attached C-103, C-104, and C-105 forms.) The wells are located in the S/2 SW/4 of Section 1.

John H. Hendrix Corporation has requested American Exploration Company to reduce the proration unit assigned to the Lynch-Christmas Com #4 well to 80 acres consisting of the N/2 SW/4 Section 1. (See attached letter.) Since the top allowable for a Blinebry Gas well with a 160 acre proration unit is 1000 MCFPD, having a non-standard 80 acre allowable would not affect American Exploration's ability to produce their well. According to the Special Rules for the Blinebry Oil & Gas Pool, Hendrix can not produce his oil wells while the acreage is dedicated to a gas well.

In order to prevent waste and protect correlative rights, we request that the New Mexico Oil Conservation Division take all actions available to effect a reduction in

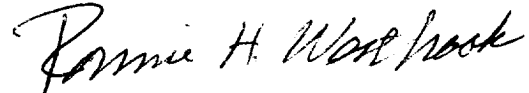
N.M.O.C.D.

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the proration unit for the Lynch-Christmas Com #4 to 80 acres and secure an allowable for Hendrix's two Blinbry Oil Pool wells.

Sincerely,

A handwritten signature in cursive script that reads "Ronnie H. Westbrook".

Ronnie H. Westbrook
Vice-President

DLV/ah

Attachments