

JOHN H. HENDRIX CORPORATION

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

January 6, 1992

CERTIFIED MAIL

American Exploration Company
Mr. Marley D. Stewart
Production Manager
1331 Lamar Street, Suite 900
Houston, TX 77010-3088

RE: Lynch Christmas Com Unit
Blinebry Pool
SW/4 Section 1, T22S - R37E
Lea County, New Mexico

Dear Mr. Stewart:

John H. Hendrix Corporation respectfully requests that American Exploration Company reduce the proration unit assigned to its Lynch Christmas Com No. 4 well in the Blinebry Gas Pool from 160 acres to 80 acres consisting of the N/2 SW/4 of Section 1.

American Exploration Company owns the Blinebry Gas Pool rights in the SW/4 of Section 1 and Hendrix owns the Blinebry Oil Pool rights in the SW/4 of Section 1. Hendrix has recently completed successful Blinebry Oil Pool workovers on its Lynch No. 3 in the SW/4 SW/4 Section 1 and on its Christmas No. 1 in the SE/4 SW/4 Section 1. The Lynch No. 3 has an IP of 34 BO, 18 BW & 110 MCFPD and the Christmas No. 1 has an IP of 31 BO, 26 BW, & 92 MCFPD.

According to the Special Rules of the Blinebry Oil and Gas Pool, "Acreage dedicated to a gas well in the Blinebry Oil & Gas Pool shall not be simultaneously dedicated to an oil well in the pool,". Hendrix is requesting that American Exploration Company reduce its proration unit to allow Hendrix to produce its two Blinebry Oil Pool wells.

Reduction of the proration unit to 80 acres for the Lynch Christmas Com No. 4 Blinebry would not affect its communitized status as far as the mineral owners are

American Exploration Co.

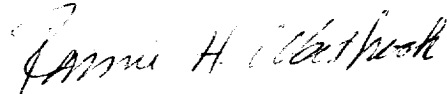
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concerned, and the working interest ownership is the same throughout the SW/4. Also, the Blinebry Gas Pool is a prorated pool with an allowable of 1000 MCFGPD for a 160 acre proration unit. Since the Lynch Christmas Com No. 4 only produced an average of 1.5 BOPD and 305 MCFGPD through September in 1991, a reduction in its proration unit to 80 acres would not affect its allowable.

While 80 acres is non-standard for a Blinebry Gas proration unit, it is a change that can be handled administratively by the NMOCD. In order to prevent waste and protect correlative rights, your prompt attention to this matter would be appreciated.

Sincerely,



Ronnie H. Westbrook
Vice-President

DLV/ah

✓ cc: Mr. Jerry Sexton
New Mexico Oil Consv. Div.
P. O. Box 1980
Hobbs, New Mexico 88240