

Skelly Oil Company
P. O. box 1351
Midland TEXAS 79701

Attn: Mr. Roland Frank

Administrative Order OCS-97

Gentlemen:

Reference is made to your application for an exception to the provisions of Rule 309-A of the Commission Rules and Regulations to permit off-lease storage for Range-Drain production from your Hughes Federal Lease comprising the SE/SW $\frac{1}{4}$, SW $\frac{1}{4}$ +SE $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico. It is our understanding that this production would be handled in a separate Tank Battery on your E. L. Stecker Lease, also in said Section 17, located in Unit J.

Pursuant to the authority granted me by Rule 309-C of the Commission Rules and Regulations, Skelly is hereby authorized off-lease storage as described above, provided that there shall be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.

cc NMOCC Hov
NMO&GEG Hov
USGS Hov

VTY
JDR
Secy Dir