ROBERT G. HANAGAN

PHONE 623-5053



HUGH E. HANAGAN P. O. BOX 1737 ROSWELL, NEW MEXICO

Hanagan & Hanagan

New Mexico State Land Office Page 2

We feel of course, that the conditions of said letter have been met except for the required future pressure tests which as stated above have been set up to be conducted.

If you should desire copies of any of the information that has been furnished to the New Mexico Oil Conservation Commission as described above, please advise.

Your records will reflect that on December 13, 1963, Narathon and your office executed a Stipulation amending the above lease form to Ferm 57 which of course contains a provision for royalty on a shut-in gas well. Marathon Oil Company issued you a check in the amount of \$200.00 on 1/17/64 for the rentals for the period 2/16/64 to 2/16/65. The ten year fixed term of the lease expires February 16, 1964, and it is our understanding that the above shut-in gas well validates and extends the lease beyond its fixed term as provided in said Ferm 57. Since the well was shut in on January 23, 1964, it is also our understanding that no shut-in gas well royalty is due until February, 1965, under the terms of said Ferm 57.

We would appreciate it if you would promptly review the matter, and if we should do anything else to qualify the well as a shut-in gas well validly extending the term of this lease, then please advise us immediately.

> Yours very truly, HANAGAN & HANAGAN

RGH/1m oc te: New Mexico Oil Conservation Commission P.O.Box 2088, Santa Fe, New Mexico Att: Mr. A. L. Porter

New Mexico Oil Conservation Commission District Office, Drawer DD Artesia, New Mexico Att: Mr. M. L. Armstrong

Marathon Oil Company P.O.Bex 1398, Reswell, N.Mex.

Marathon 011 Company Box 552, Midland, Texas

ROBERT G. HANAGAR

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HUGH E. HAMAGAN

P. G. BOT 1730 ROSWELL, SEW MEXICO

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