

415 WEST WALL, SUITE 1500/MIDLAND, TEXAS 79701-4473/915-684-8051 FAX: 915-685-1104

March 18, 1993

Mr. Mike Williams NMOCD P. O. Drawer DD Artesia, NM 88211

RE: Use of Produced Water for Off-Lease Drilling Prior to Disposal

Dear Mike:

Due to compatibility problems with commercial brine, Hanley Petroleum Inc. wishes to use Delaware produced water to drill the production hole in the wells on its Union "35" Federal lease in Section 35, T-22-S, R-28-E, Eddy County. The nearest water produced in feasible quantities is from Fortson Oil Company's Pinnacle State lease located in Section 36, T-22-S, R-28-E.

Hanley Petroleum Inc. will use a plastic-lined reserve pit to contain the water, will de-water the pits as soon as practical after drilling operations are complete, and will truck the water to the same disposal in which it's currently being placed.

As the proposed operation involves water produced from a State lease, Hanley Petroleum Inc. asks your approval in the space provided below.

If you have any questions, please call me at 915/684-8051.

Yours truly, Wilher

Greg Wilkes Chief Engineer

Approved this 19 day of March, 1993.

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New Mexico Oil Conservation Division

By: Mille Williams

Title: District Supervisor