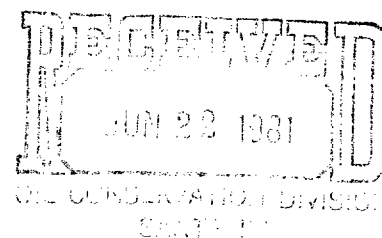


HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

June 16, 1981

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Attention: Mr. Joe D. Ramey, Director

Re: Exception to Statewide Rule 309-C
Administrative Approval of Off-
Lease Storage
State of New Mexico Lease No. E-8563-1
N/2 NE/4, Sec. 8, SW/4 Sec. 8,
S/2 SE/4 Sec. 8, W/2 Sec. 9,
T-17-S, R-37-E, NMPM, Lea County,
New Mexico

Gentlemen:

On behalf of our client, David Fasken, we request your approval of off-lease storage of oil production from the subject lease. There will be no commingling of production with any other lease. This request involves only the physical location of a tank battery off the lease at a location on Fee lands in the SW/4 NE/4 Section 8, T-17-S, R-37-E, NMPM, Lea County, New Mexico.

This will be the first productive well from the Strawn formation of this lease and will not be commingled with production from any other lease.

There will not be any intercommunication of the handling, separating, treating or storage with any other lease.

This lease is all State of New Mexico lands under the subject lease and we have attached hereto the approval of Alex J. Armijo, Commissioner of Public Lands of the State of New Mexico relating to this request.

The attached land plat shows the area of this lease and the attached surveyor's plat shows the physical location of the State Highway, Railroad, and Texas-New Mexico Pipeline with respect to State Lease E-8563-1. Also shown on the surveyor's plat is the conduit which we have installed on the Warren Lease underneath the Highway, Railroad, and Texas-New Mexico Pipeline. We are proposing to use the extra capacity in the conduit for flow lines for the portion of State Lease E-8563-1 lying east of the highway. By locating the proposed tank

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Attention: Mr. Joe D. Ramey, Director

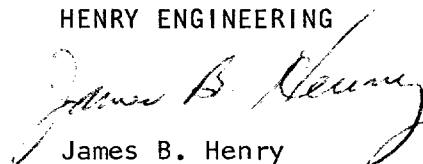
-2-

battery near the west end of the conduit already in place we can obtain a pipeline connection into the Texas-New Mexico Pipeline System. This will avoid the trucking of oil from that portion of State Lease E-8563-1 lying east of the highway.

We respectfully request the approval of the State of New Mexico, Energy and Minerals Department, Oil Conservation Division, for this proposed off-lease storage.

Yours very truly,

HENRY ENGINEERING

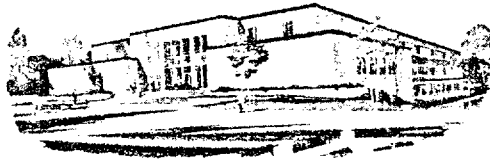
A handwritten signature in cursive script, appearing to read "James B. Henry", written in dark ink.

James B. Henry

JBH:vcz
Attmts.

State of New Mexico

2015 01



Commissioner of Public Lands

ALEX J. ARMIJO
COMMISSIONER

June 12, 1981

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Henry Engineering
807 First National Bank Building
Midland, Texas 79701

Re: State of New Mexico
Lease No. E-8561-1
N/2NE/4, Sec 8, SW/4 Sec.8,
S/2SE/4 Sec 8, W/2 Sec 9,
T-17-S, R-37-E, NMPM,
Lea County, New Mexico

ATTENTION: Mr. James B. Henry

Gentlemen:

Reference is made to your application dated June 8, 1981, requesting approval for offlease storage of oil production from lease E-8563-1, which contains the N/2NE/4, SW/4, S/2SE/4 of Section 8 and W/2 of Section 9, Township 17 South, Range 37 East, Lea County, New Mexico.

You are hereby given approval to the above request, subject to like approval by the Oil Conservation Division. Any deviation from your proposed request will be reason to cancel approval.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
encls.

cc: OCD-Santa Fe, New Mexico
OGAC- Santa Fe, New Mexico
Lease E-8563-1

JBH _____
RHA _____
JTL _____
MR _____
JD _____
CM _____
SLP _____
EJ _____
CZ _____
JS _____
FILE _____

HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

June 8, 1981

Mr. Ray Graham
Oil and Gas Division
New Mexico State Land Office
Box 1148
Santa Fe, New Mexico 87501

Re: State of New Mexico
Lease No. E-8563-1
N/2 NE/4, Sec. 8, SW/4 Sec. 8,
S/2 SE/4 Sec. 8, W/2 Sec. 9,
T-17-S, R-37-E, NMPM,
Lea County, New Mexico

Dear Mr. Graham:

On behalf of our client, David Fasken, we request your approval for off-lease storage of oil production from subject lease. There will be no commingling of production with any other lease. This request involves only the physical location of a tank battery off the lease at a location on Fee lands in the SW/4 of the NE/4 of Section 8, T-17-S, R-37-E, NMPM, Lea County, New Mexico.

The attached land plat shows the area of this lease and the attached surveyor's plat shows the physical location of the State Highway, Railroad, and Texas-New Mexico Pipeline with respect to State Lease E-8563-1. Also shown on the surveyor's plat is the conduit which we have installed on the Warren Lease underneath the Highway, Railroad, and Texas-New Mexico Pipeline. We are proposing to use the extra capacity in the conduit for flow lines for the portion of State Lease E-8563-1 lying east of the highway. By locating the proposed tank battery near the west end of the conduit already in place we can obtain a pipeline connection into the Texas-New Mexico Pipeline System. This will avoid the trucking of oil from that portion of State Lease E-8563-1 lying east of the highway.

If our proposal meets the approval of the State Land Office please so indicate in the space provided below and return two approved copies of this letter to the attention of the undersigned.

Yours very truly,

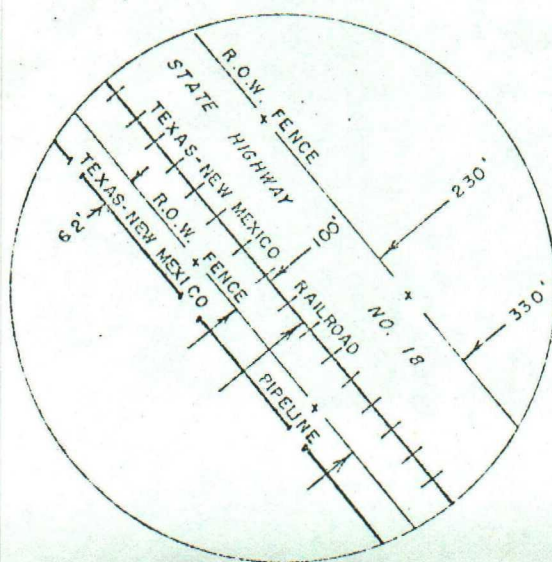
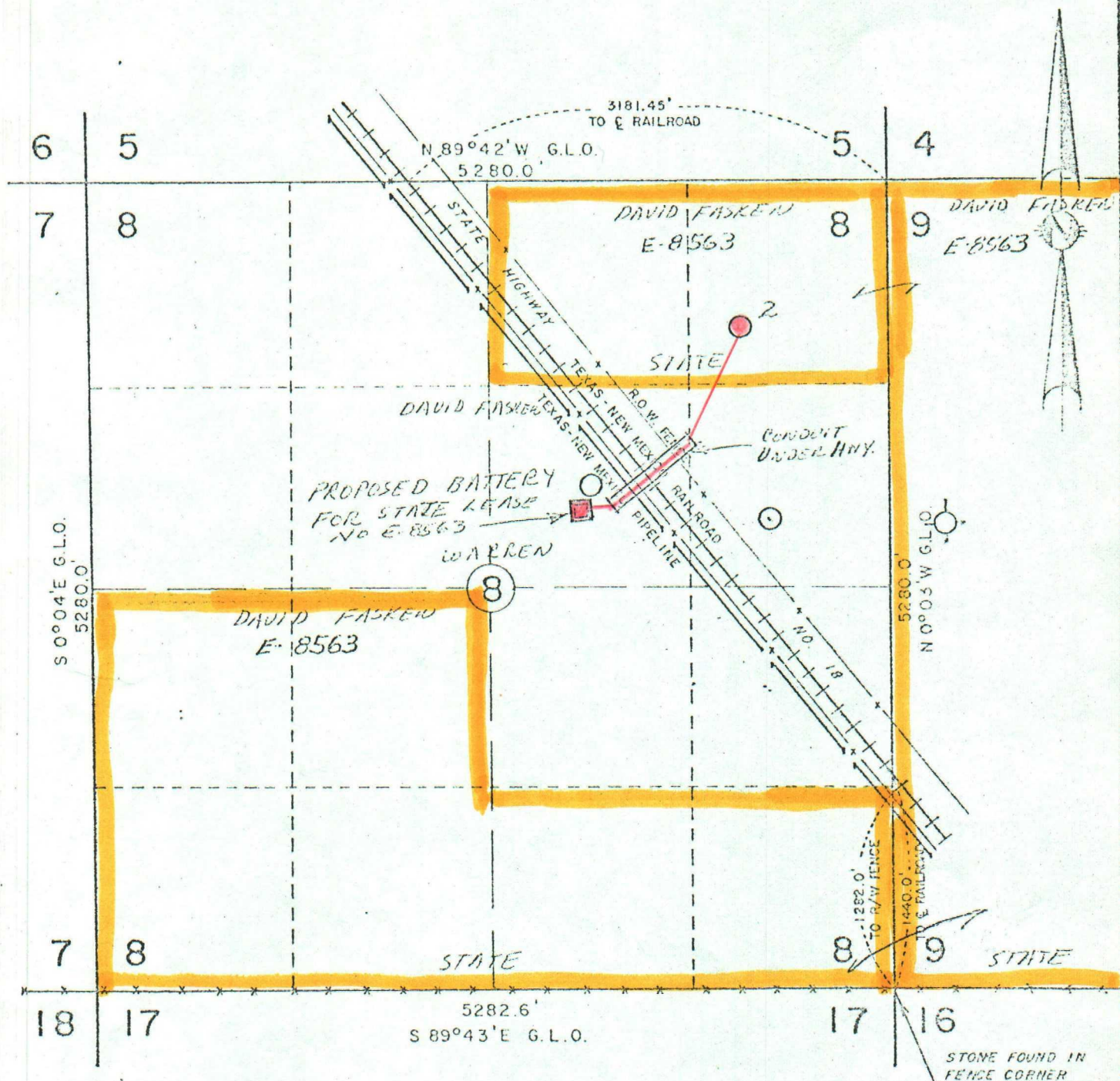
HENRY ENGINEERING

James B. Henry
James B. Henry

JBH:vcz
Attnmts.

APPROVED: OIL AND GAS DIVISION, NEW MEXICO STATE LAND OFFICE

By *Alex J. Armijo*
ALEX J. ARMILLO-COMMISSIONER OF PUBLIC LANDS
STATE OF NEW MEXICO



DETAIL
NOT TO SCALE



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

John W. West
JOHN W. WEST, N.M. P.E. & L.S. NO 676
TEXAS R.P.S. NO. 1138
RONALD J. EIDSON, N.M. L.S. NO 3239
TEXAS R.P.S. NO. 1893

DAVID FASKEN	
A plat of Section 8, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.	
JOHN W. WEST ENGINEERING COMPANY CONSULTING ENGINEERS HOBB3, NEW MEXICO	
Scale: 1" = 1000'	Drawn by: RKG
Date: 8/6/79	Sheet 1 of 1 Sheets