

*Resp letter*

**POLARIS PRODUCTION CORP.**

**OIL & GAS PRODUCERS**

415 WEST WALL STREET, SUITE 200 1124

MIDLAND TEXAS 79702

DAVIS PAYNE  
PRESIDENT

TELEPHONE 915-684-8248  
REPLY TO: P. O. BOX 1749

October 9, 1996

*Copy to Rand  
and Roger  
and return  
B*

Mr. Gary W. Wink  
New Mexico Energy, Minerals & Natural Resources Department  
P. O. Box 1980  
Hobbs, New Mexico 88240

Dear Sir:

This is to acknowledge receipt of your letter and your pictures dated October 7, 1996. Also, this is to acknowledge our telephone conversation of October 1, 1996, wherein you informed me that you would be going to our leases on October 2, 1996, to take pictures. Apparently you had already made the pictures on Oct. 1.

We immediately tried to dispatch Carpenter Construction to cover the oil spill but they were unable to get fresh dirt to cover from their usual sources, hence the delay. We had just had a charging pump go out on the Priest Lease, and this was the reason for the spill. Repairs were made and the equipment was returned to normal (we have third party charges to prove it).

We continue to up-grade our properties, but we do not have unlimited money. And the profitability of these properties continue to be a problem, but due to our dogged determination to prove the remaining reserves under these properties we have succeeded in getting significant other capital investments to continue the exploitation of the remaining reserves. They are significant. And they are adding significant cash flow, taxes, and employment of people and contractors to this area of New Mexico.

In the meantime, it will not be possible for us to sustain the \$1,000.00 per day fine you intend to impose. Moreover, we do not feel that there is a public health problem which demands such action. I hope that you will reconsider your position.

Yours very truly,

POLARIS PRODUCTION CORP.

*Davis Payne*  
Davis Payne

cc: Mr. Bill LeMay  
Mr. Rand Carroll  
Mr. Jerry Sexton

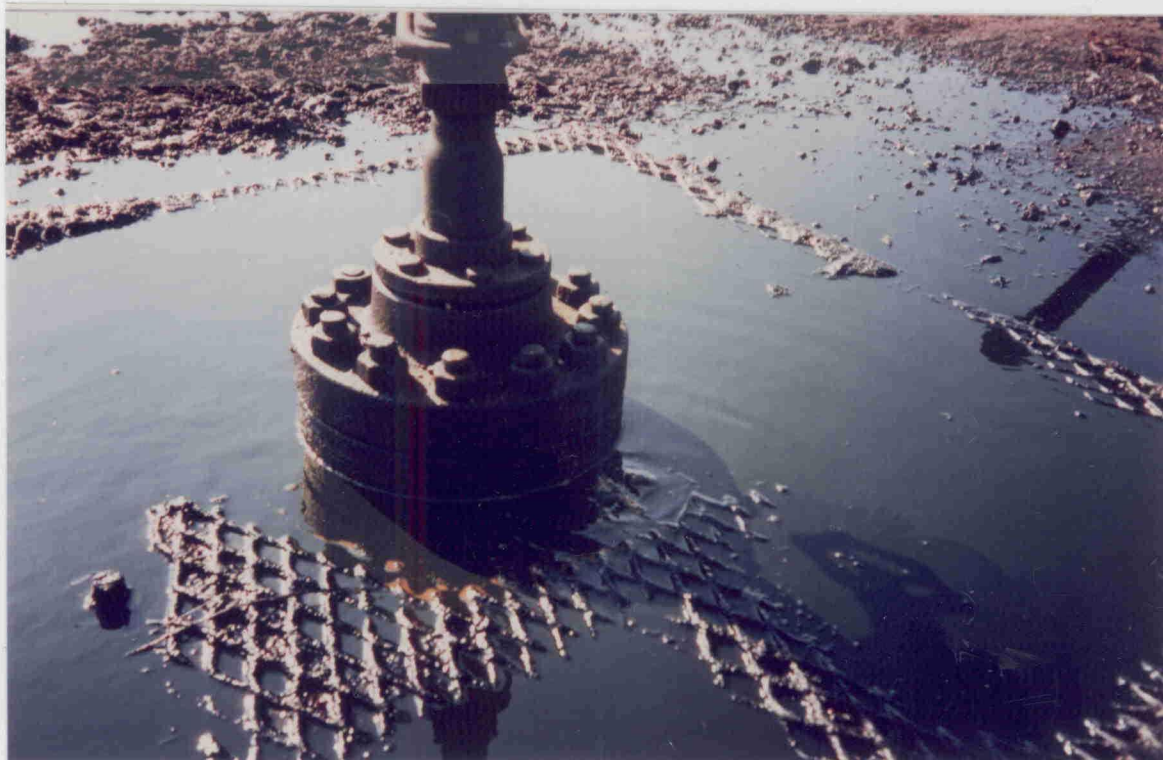
POLARIS PRODUCTION CORP.  
PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

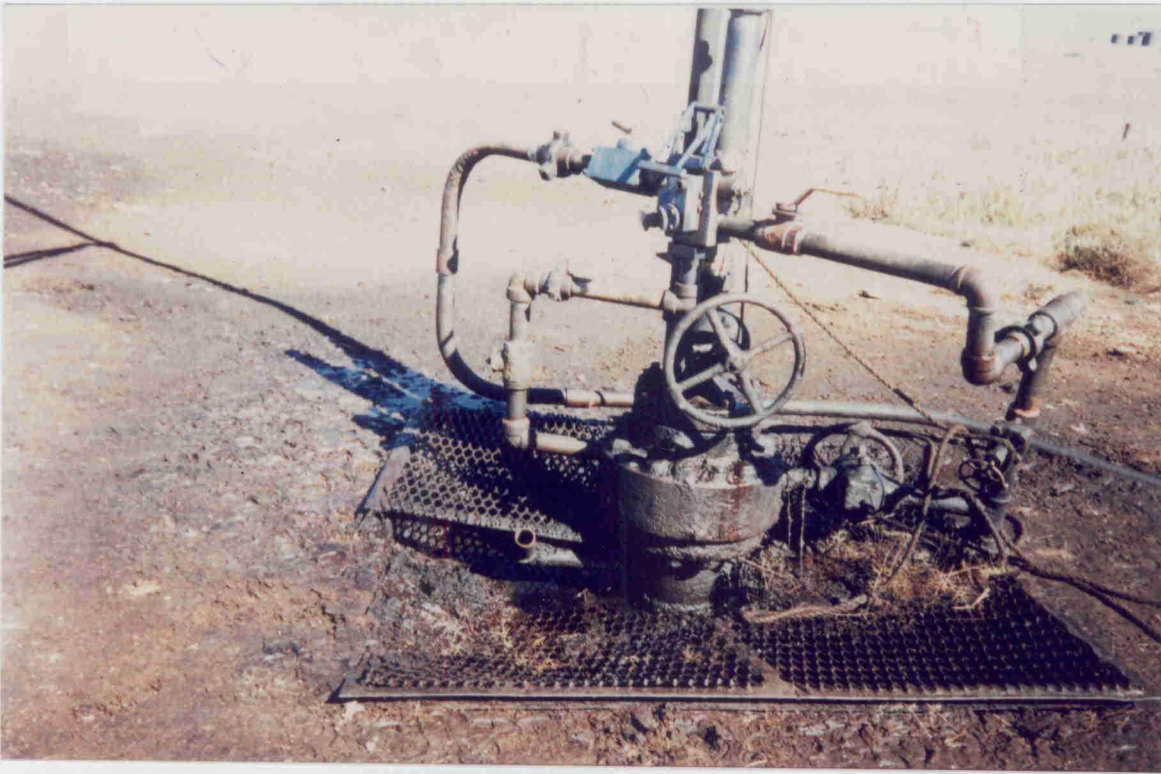
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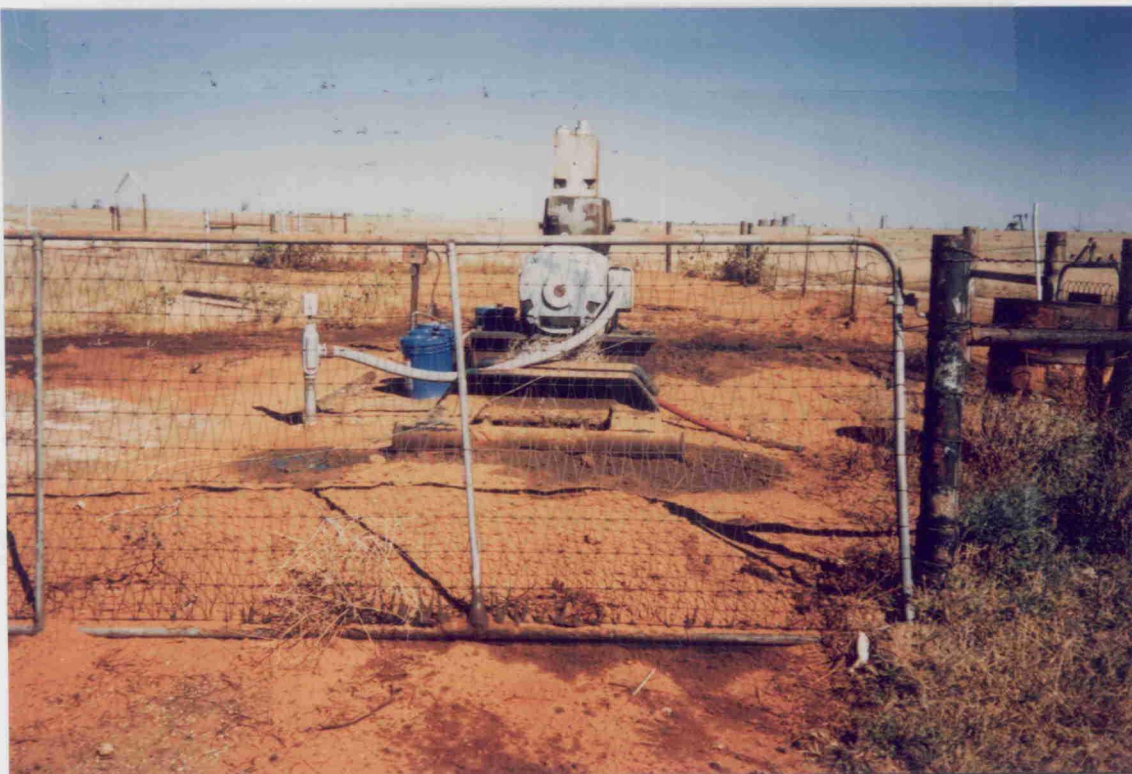
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PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

4



POLARIS PRODUCTION CORP.  
PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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POLARIS PRODUCTION CORP.  
PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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POLARIS PRODUCTION CORP.  
PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

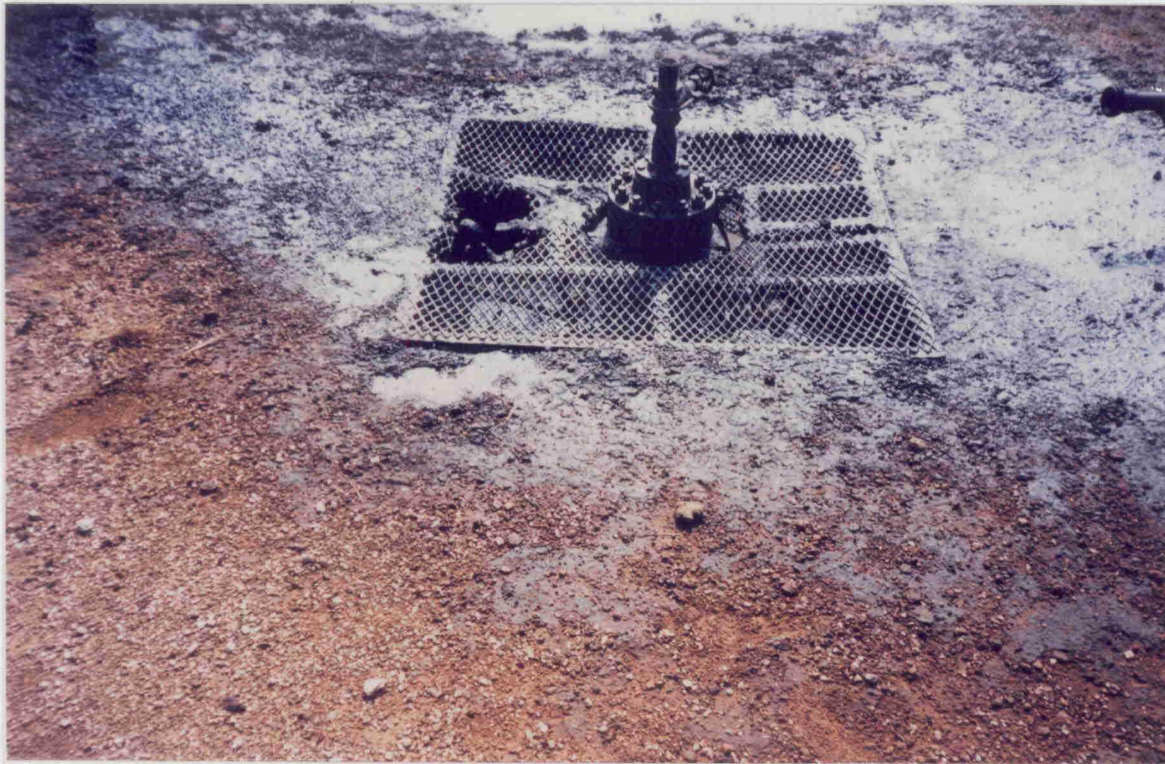
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POLARIS PRODUCTION CORP.  
PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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POLARIS PRODUCTION CORP.  
PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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POLARIS PRODUCTION CORP.  
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SEC. 1, T15S, R37E

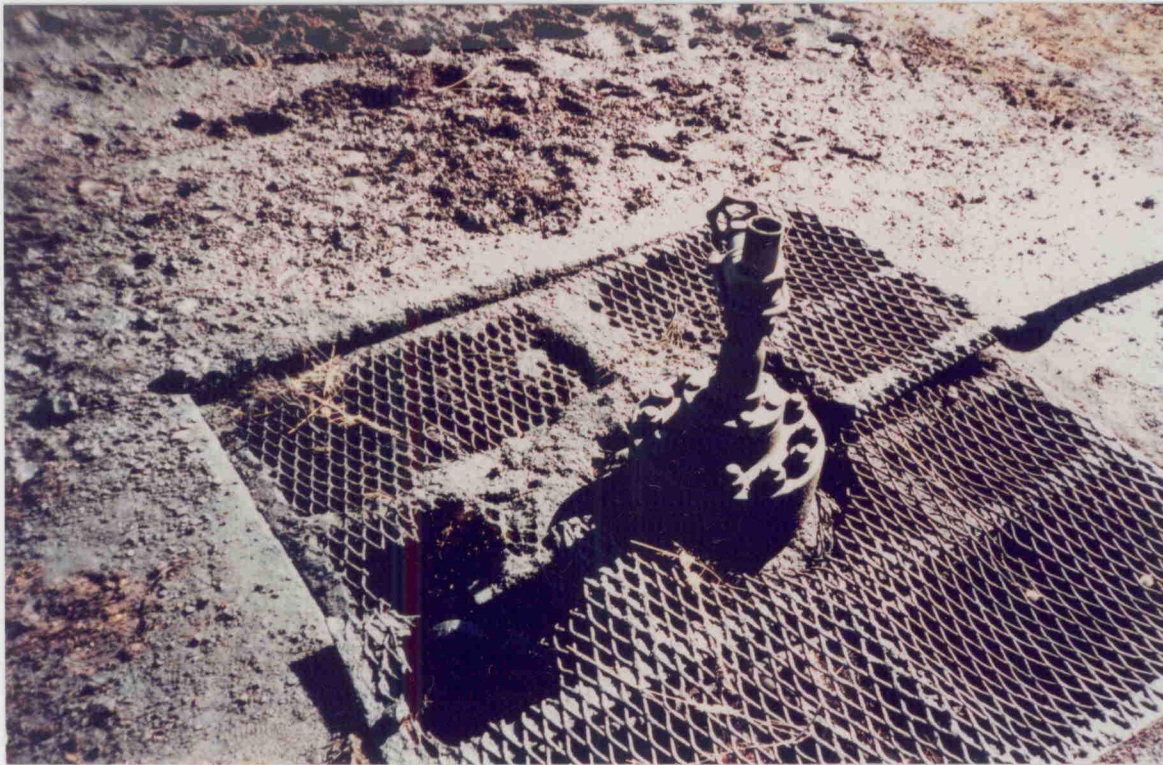
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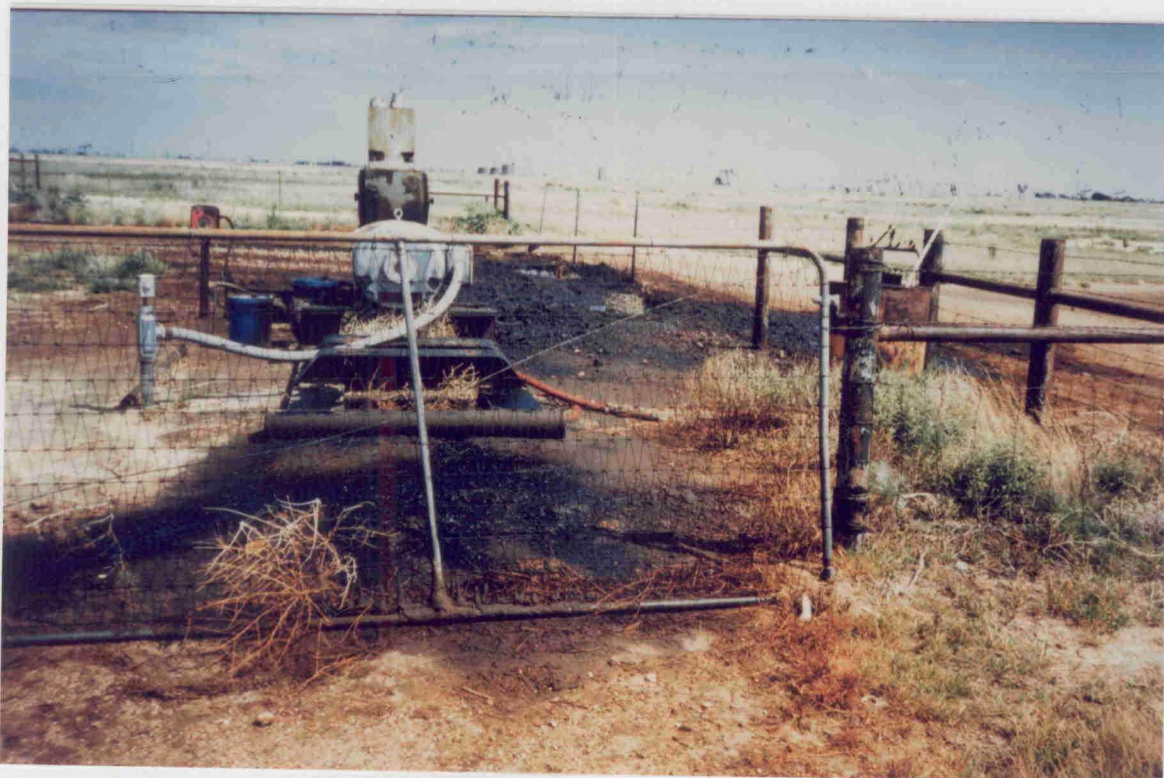
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PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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POLARIS PRODUCTION CORP.  
PRIEST LEASE WELL NO.7 (NO SIGN)  
SEC. 1, T15S, R37E

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POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E

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POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E

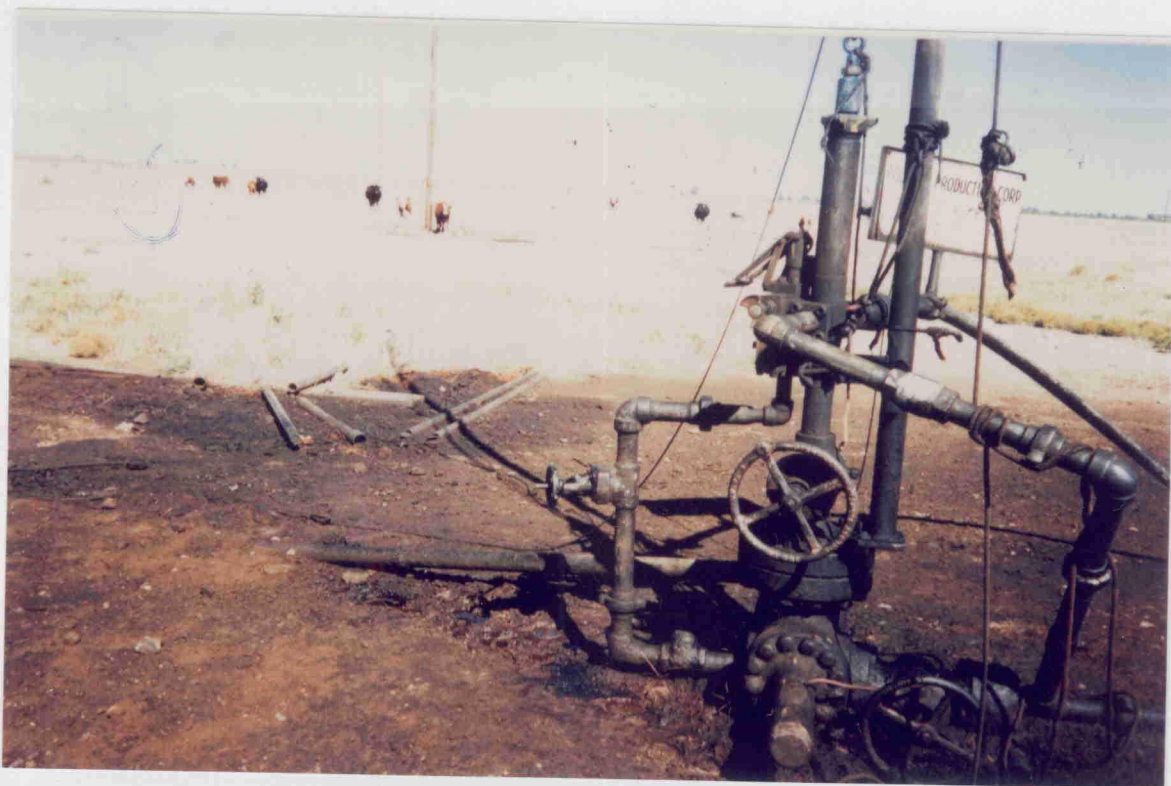
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POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E

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PLOARIS CORP  
SHELTON  
s26-t14s-r37e

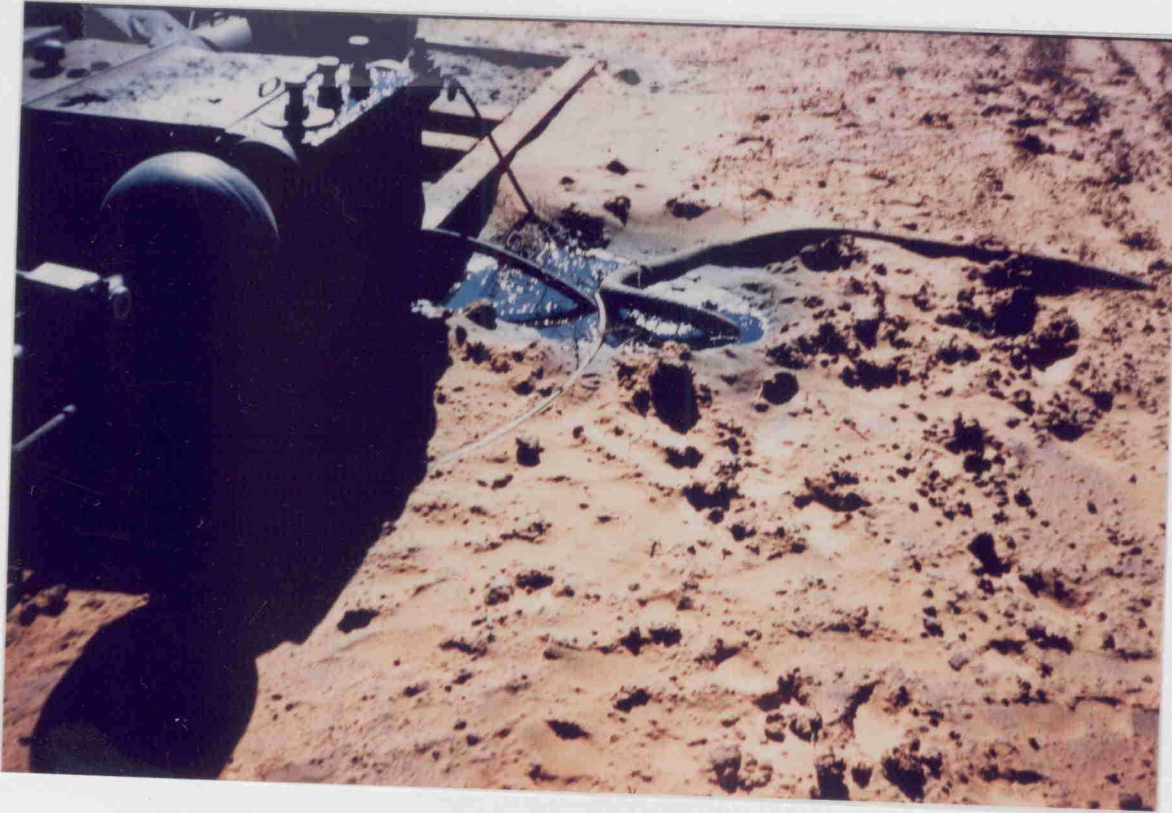
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POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E

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POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E

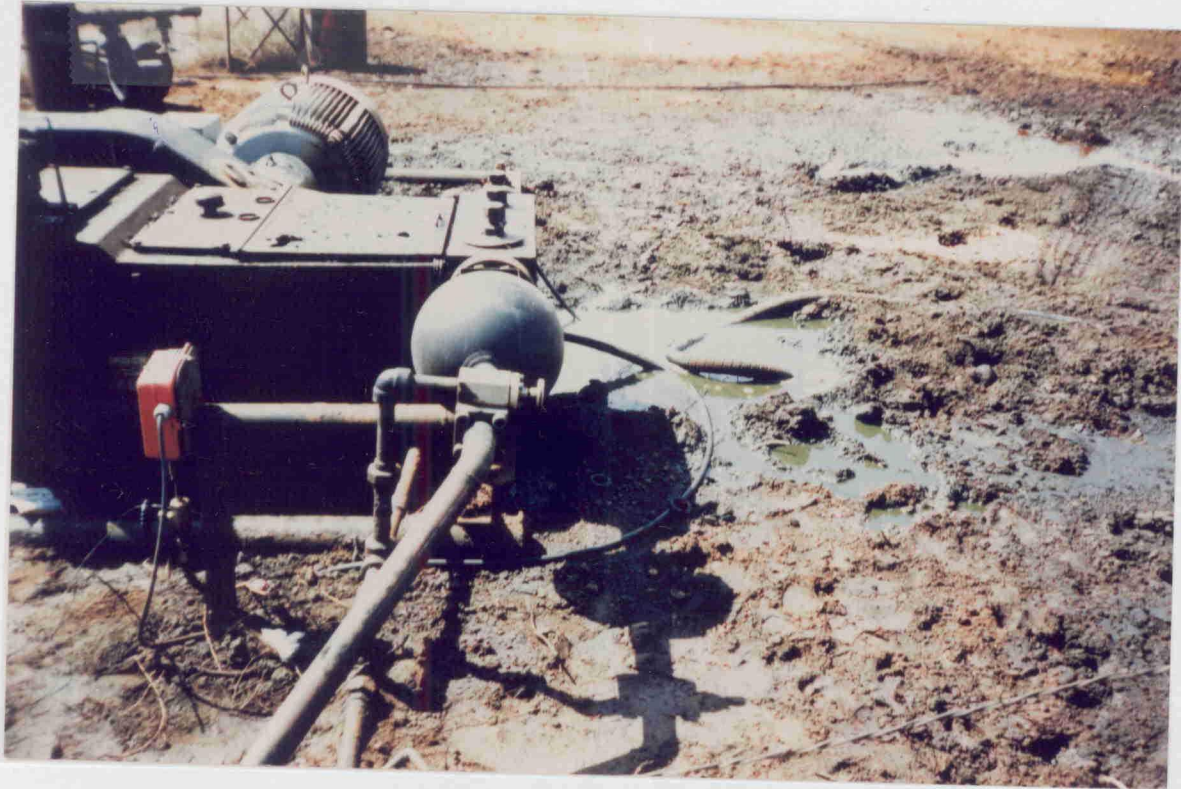
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**POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E**

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**POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E**

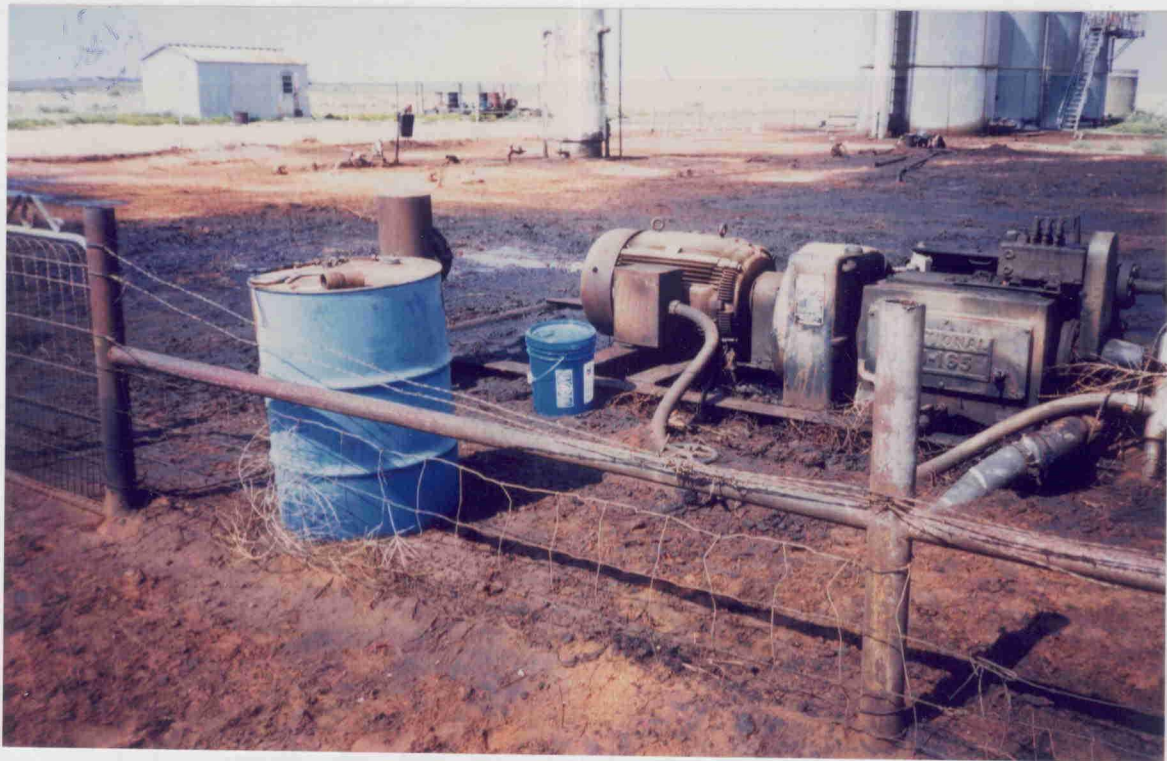
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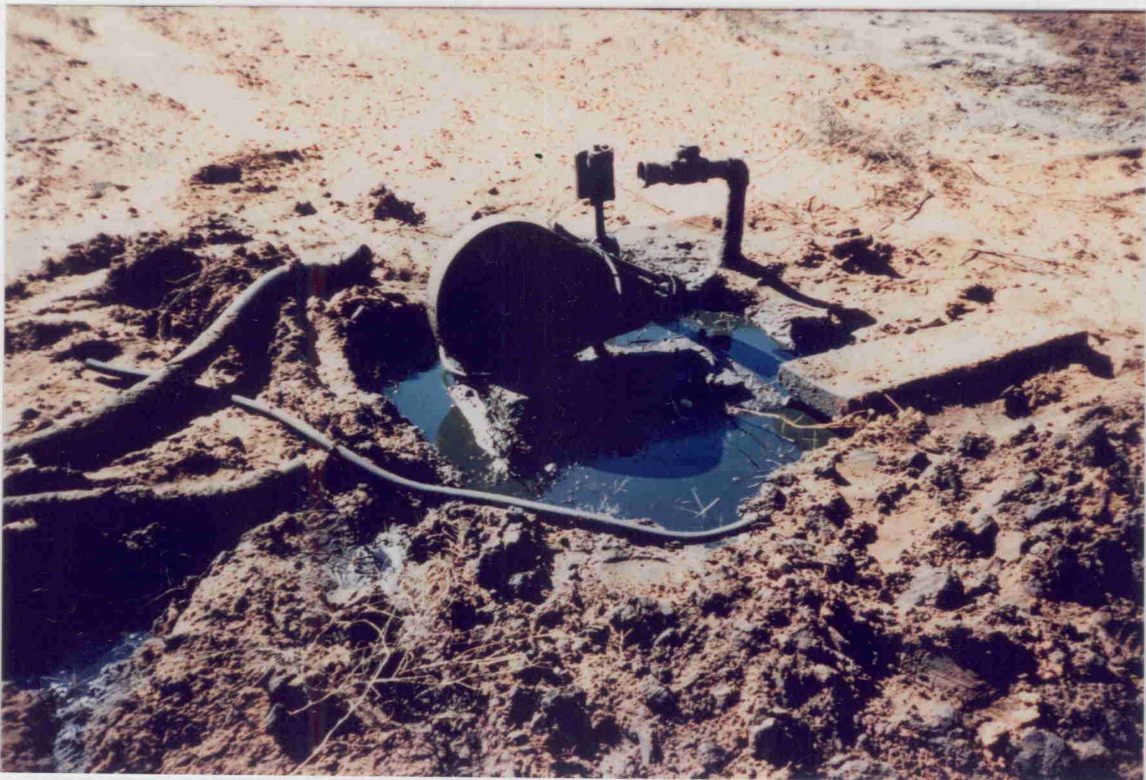
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SHELTON LEASE  
SEC. 26, T14S, R37E

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POLARIS PRODUCTION CORP.  
SHELTON LEASE  
SEC. 26, T14S, R37E

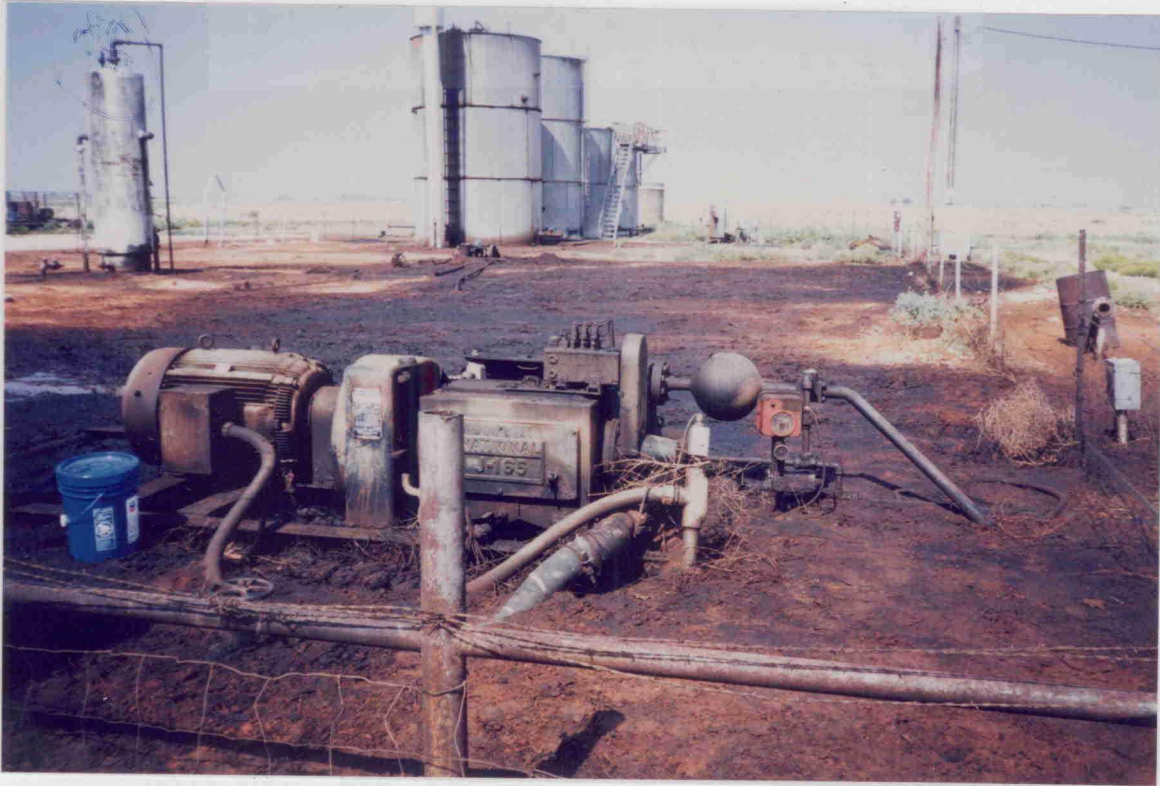
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SHELTON LEASE  
SEC. 26, T14S, R37E

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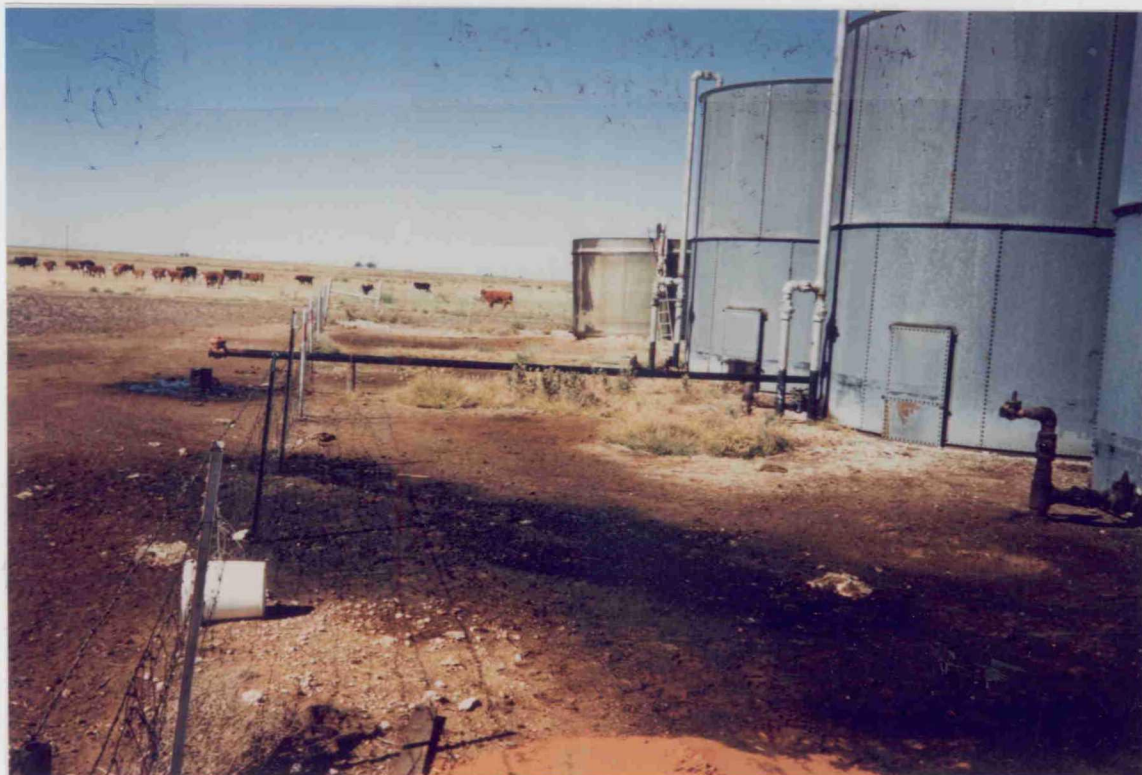
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PACIFIC ROYALTY  
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SHELTON LEASE  
SEC. 26, T14S, R37E

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PLOARIS CORP  
PACIFIC ROYALTY #5  
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PACIFIC ROYALTY #5  
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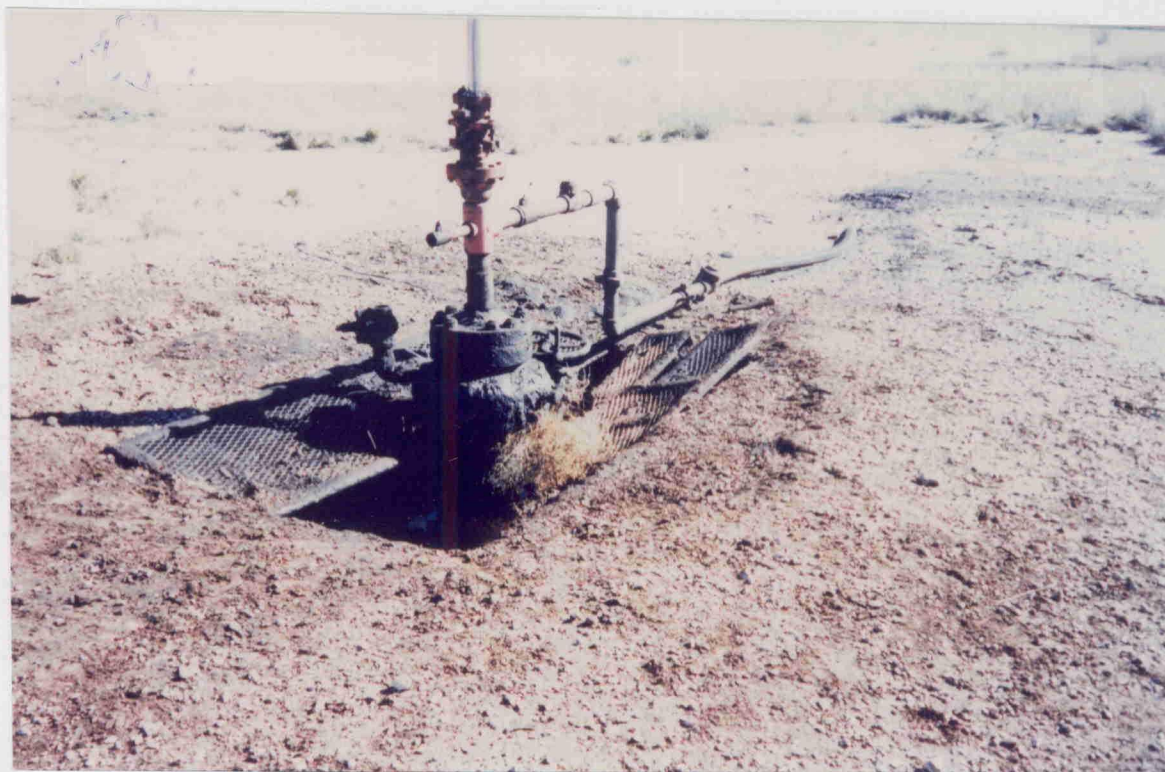
POLARIS PRODUCTION CORP.  
STATE A BATTERY  
SEC. 2, T15S, R37E

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POLARIS PRODUCTION CORP.  
STATE "A" #2  
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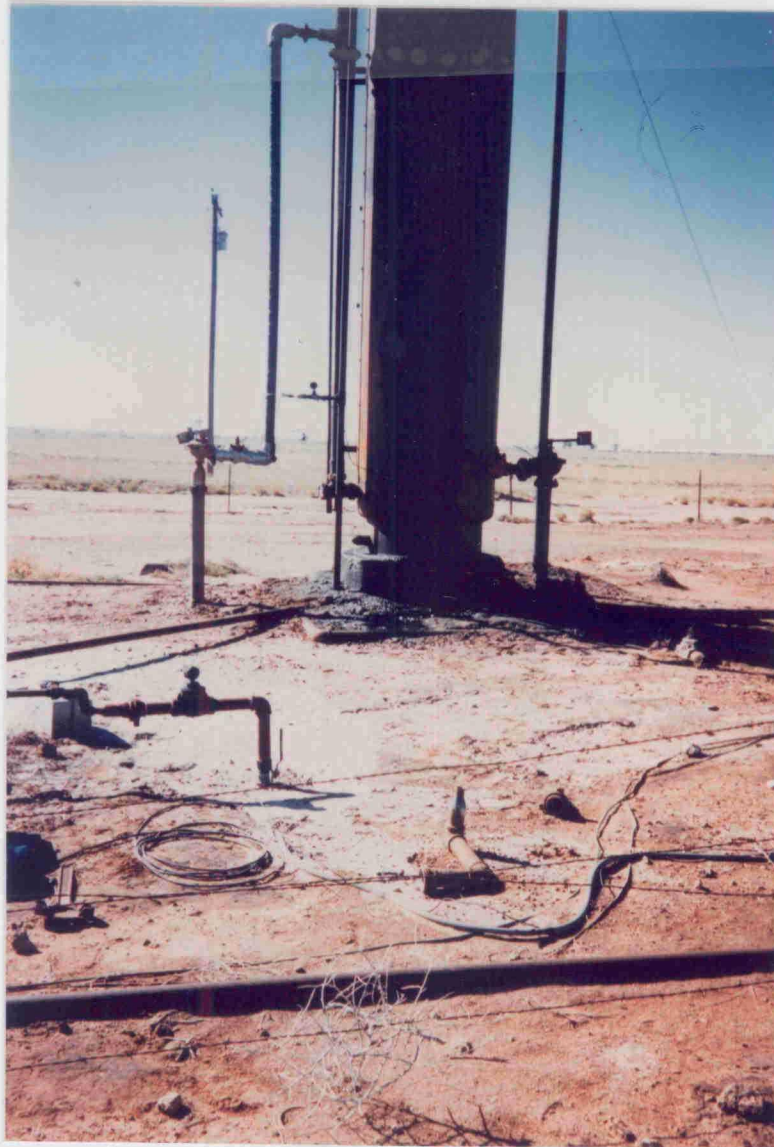
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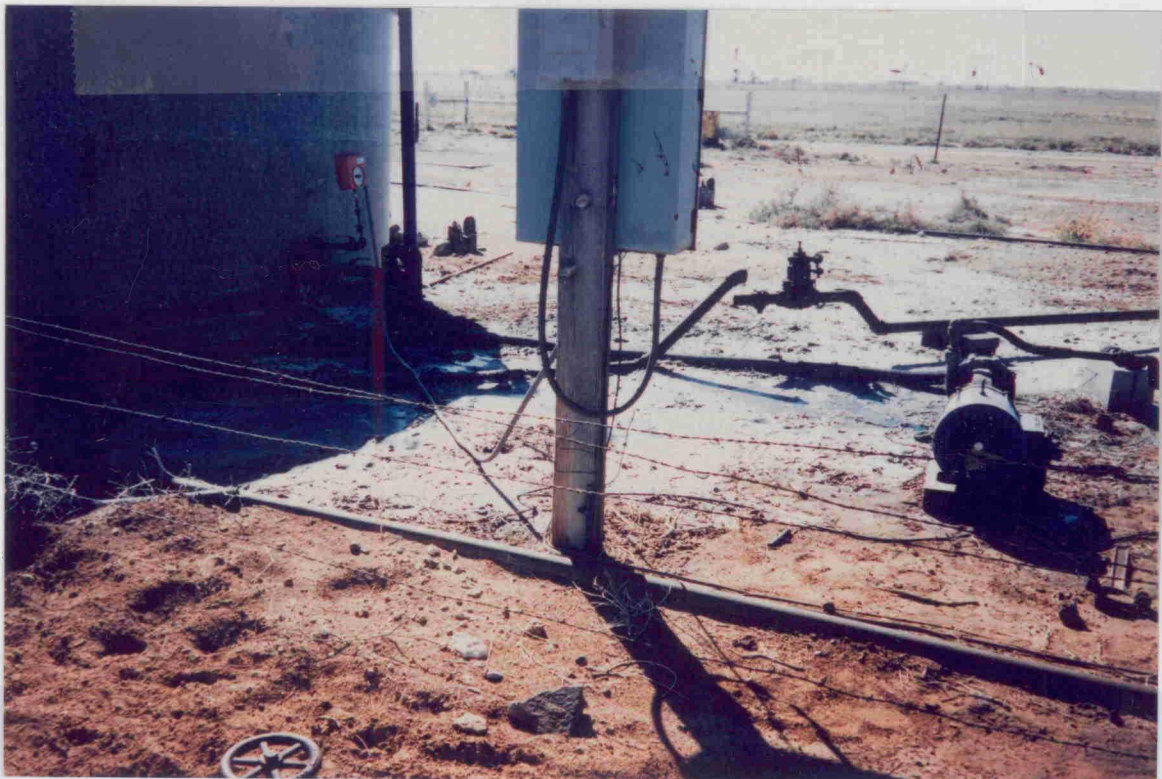
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STATE A BATTERY  
SEC. 2, T15S, R37E

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POLARIS PRODUCTION CORP.  
STATE A BATTERY  
SEC. 2, T15S, R37E

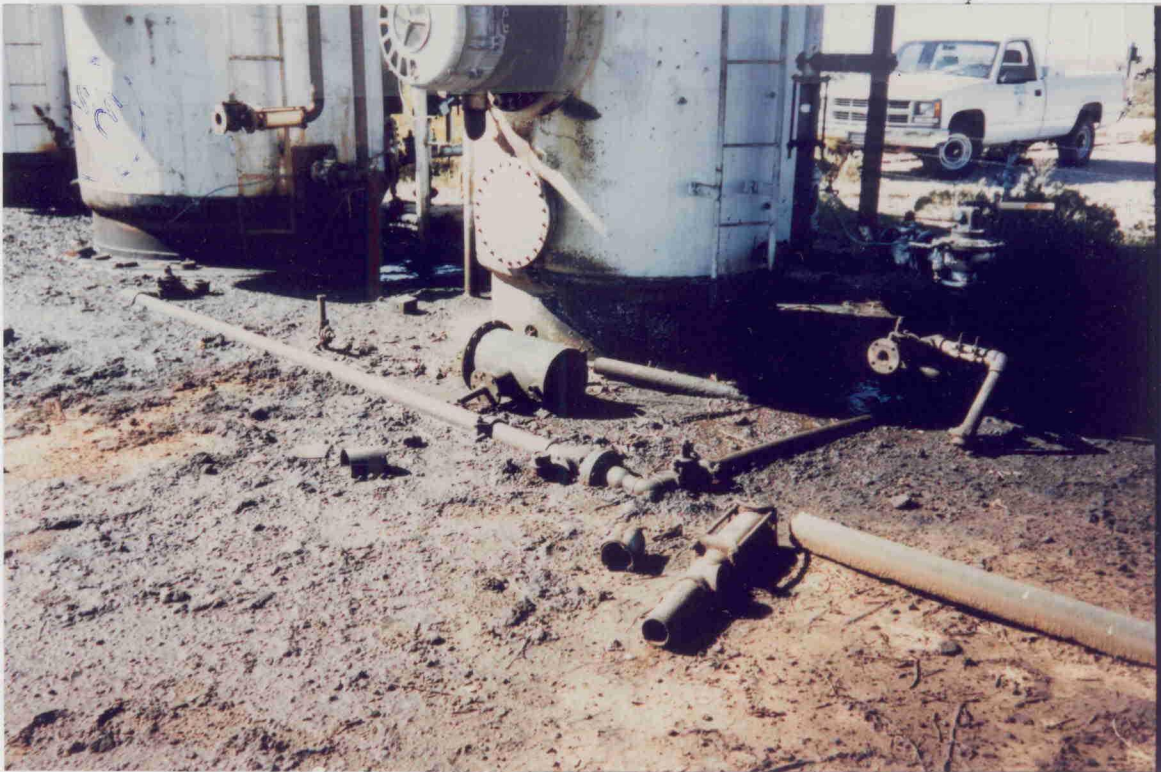
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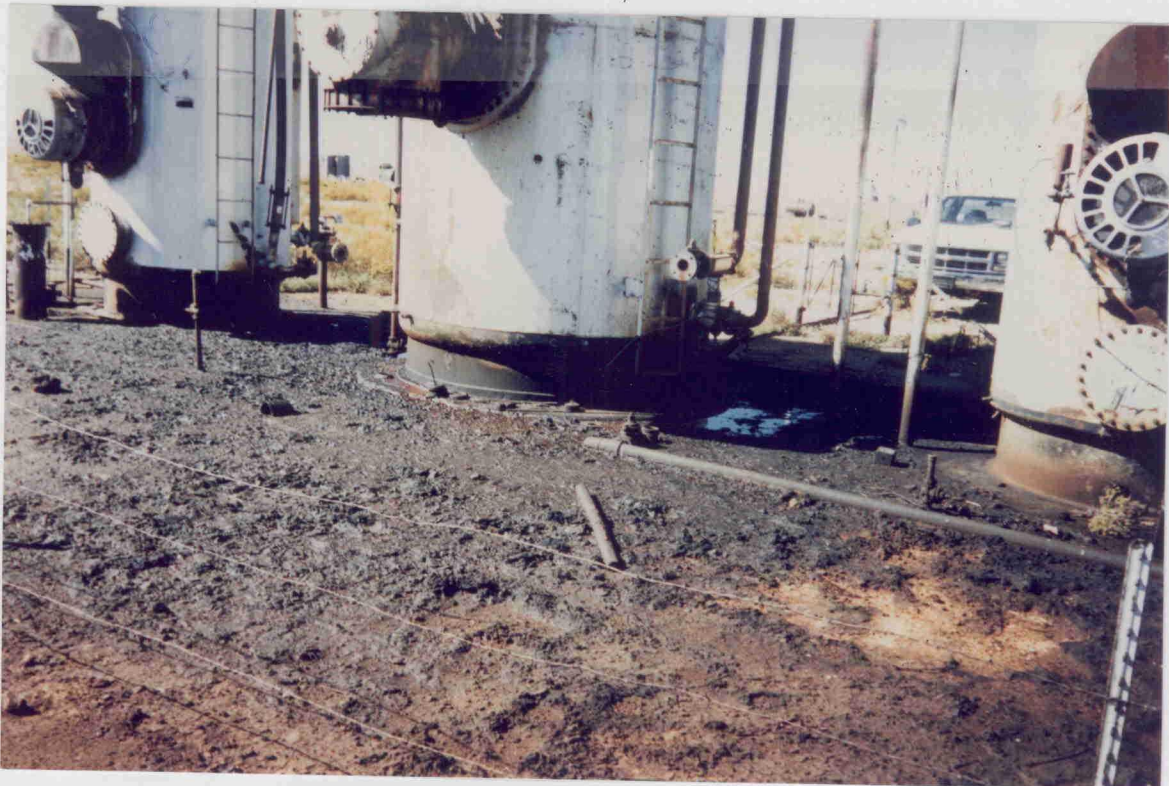
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T.D. POPE  
s26-t14s-r37e

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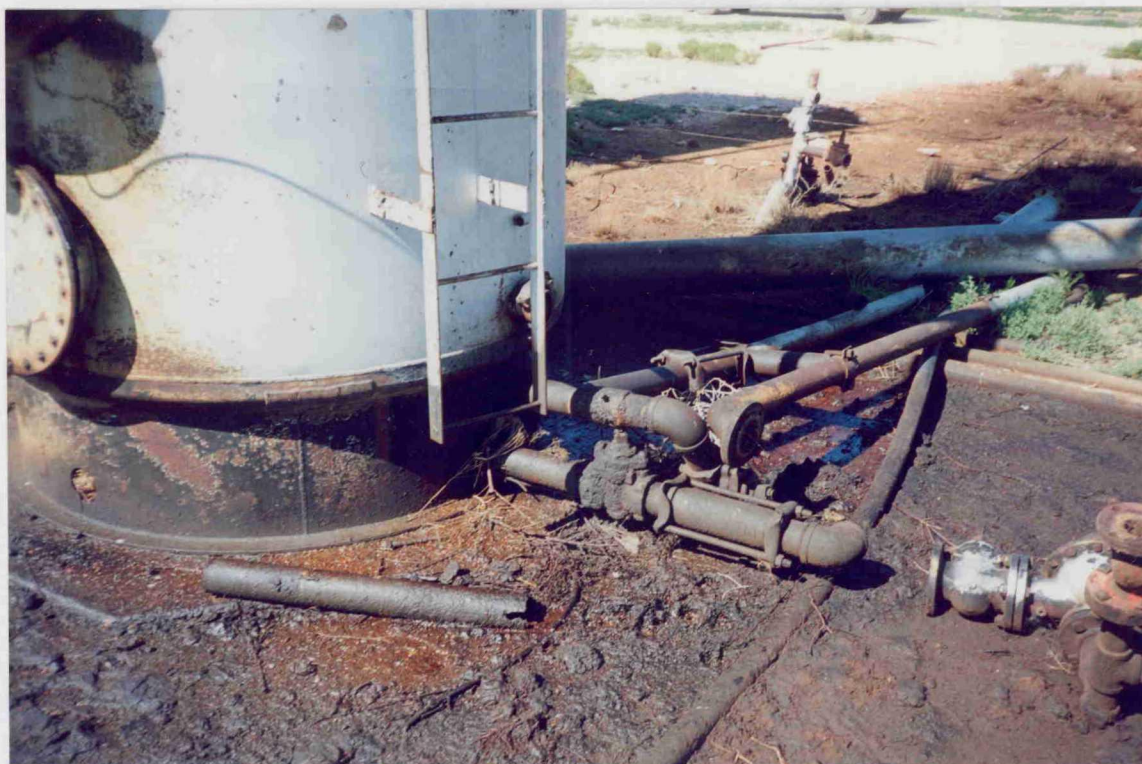
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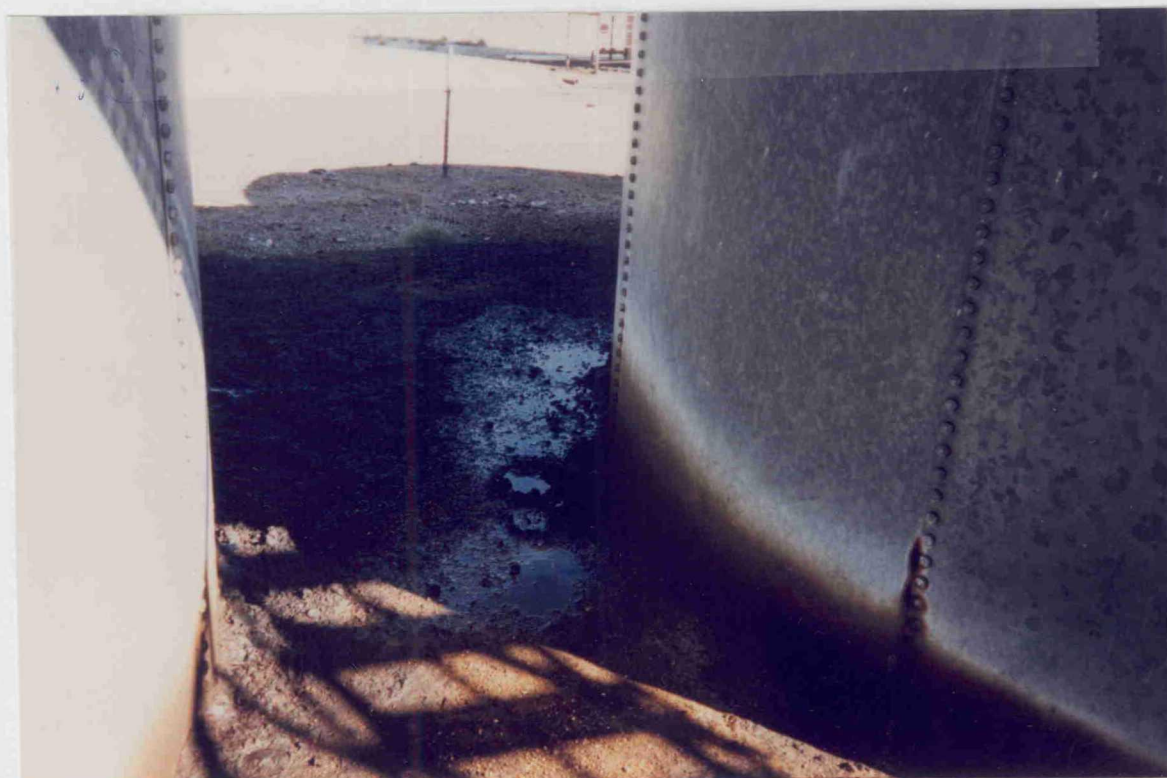


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ARGO BATTERY  
SEC. 3, T15S, R37E

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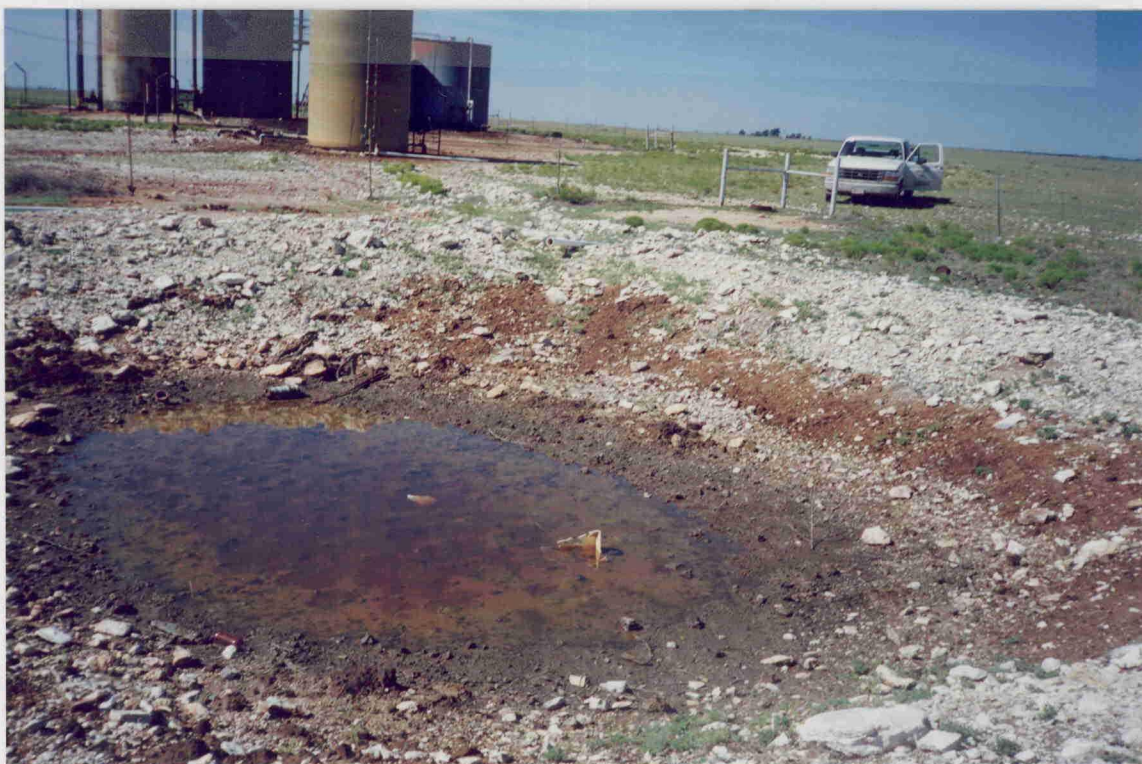


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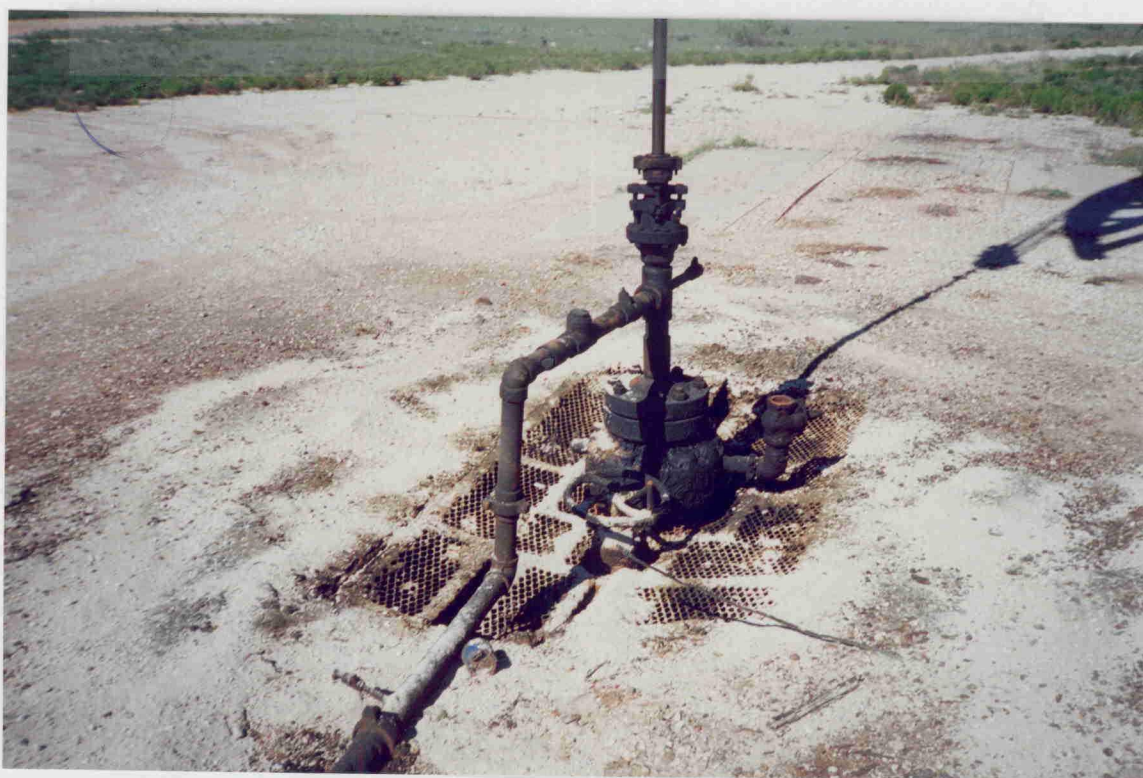




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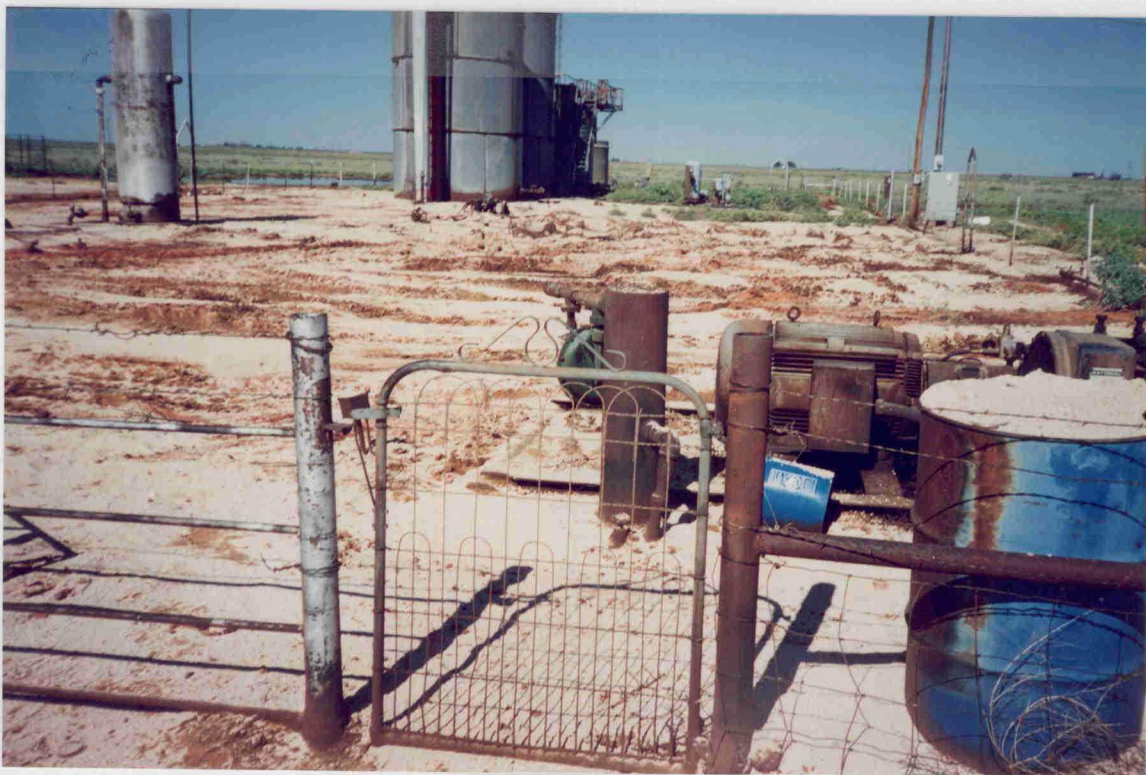




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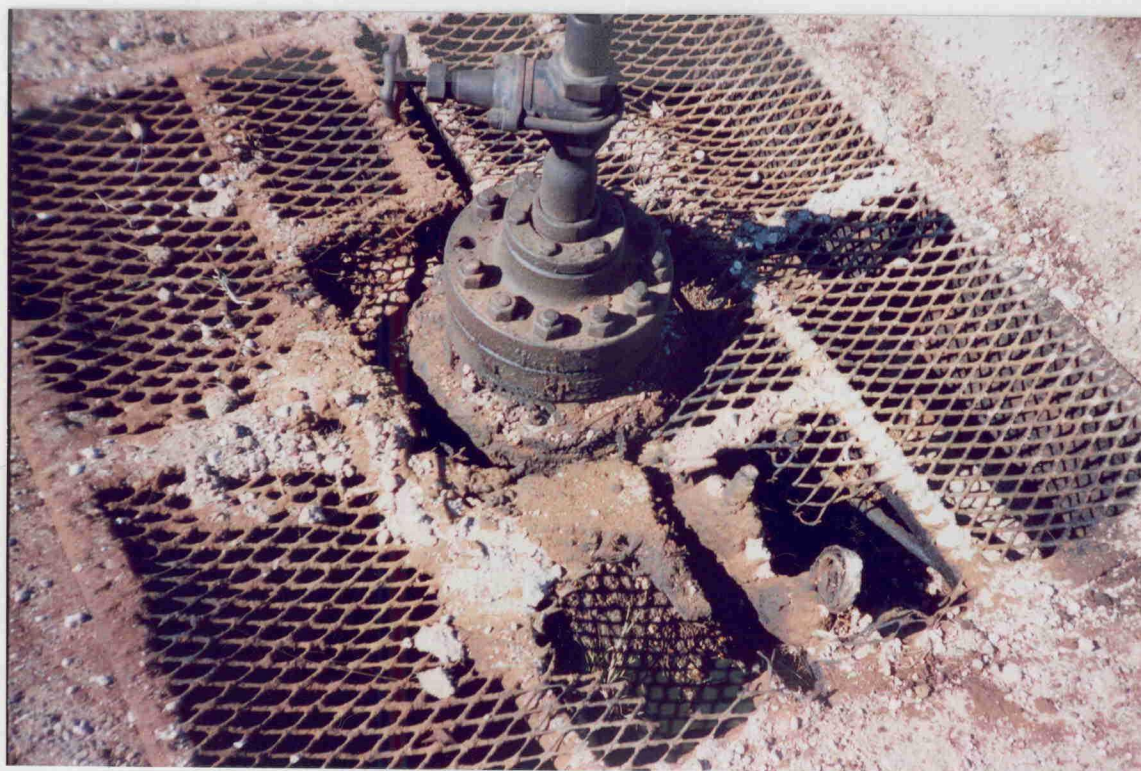




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