



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

October 3, 1989

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Mims Texas Oil and Gas
Box 13
Milnesand, TX 88125

Re: Off Lease Storage
Federal 27 #1, #2, #3
Section 27, T7S, R33E
Chaveroo-San Andres Pool

Gentlemen:

It is noted from a sundry notice filed with the BLM that you have already or plan to change the oil delivery point for your "Federal 27" Lease to the Morgan B tank battery.

This will require approval from the Oil Conservation Division for off-lease storage as outlined in Rule 309-C if the production is to stored separately. If you propose to commingle Federal 27 and Morgan B production it will require approval to commingle production from these two leases.

Your application for off-lease storage or lease commingling should be made in letter form to the Division Director, Oil Conservation Division, Box 2088, Santa Fe, NM 87504-2088 in accordance with Rule 309-C or 309-B. (Copies of these rules are attached for your information.)

It is noted that CTB-161 authorized the commingling of Chaveroo-SA production from the Federal 26 and Federal 27 leases but will not cover the commingling of production from the Federal 27 and Morgan B leases.

If you have further questions please contact Evelyn Downs at 393-6161.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

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Encl.