

30-025-2912

# HAMON OIL COMPANY

OIL PRODUCER  
611 PETROLEUM BUILDING  
MIDLAND, TEXAS 79701

PHONE  
(915) 682-5218

February 21, 1985

Working Interest Partners  
(List Attached)

CERTIFIED MAIL

RE: Off-Lease Storage  
New Mexico "36" State Com No. 2  
EK Bone Spring Field  
Lea County, New Mexico

Gentlemen:

When Hamon constructed the tank battery for the No. 1 well, located on the west side of of the No. 1 location, it was thought the Nos. 1 and 2 wells could go into this battery and the production commingled. However, since one well has a 1/6th royalty to the State and the other well has a 1/8th royalty, the State Land Commission has told us that the production must be separated.

The tank battery was constructed in such a manner that we can physically separate the four (4) 400-barrel tanks and make two batteries containing two (2) 400-barrell stock tanks and keep the production separated. The problem with this arrangement is that the battery will not be on the lease of the No. 2 well.

Hamon will apply with the State Land Office and with the New Mexico Oil Conservation Commission for an off-lease storage approval so we can utilize the existing tank battery for the two wells. To obtain this approval, it is necessary for all parties owning an interest in the leases to have consented in writing to the off-lease storage. In lieu of the written consent, the Division Director may approve the application after a period of twenty (20) days, if no objection has been made from the interest owners.

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**O.C.D.  
HOBBY OFFICE**

Working Interest Partners (List Attached)

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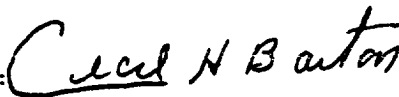
RE: Off-Lease Storage

New Mexico "36" State Com No. 2

If you have no objection to the off-lease storage, please sign the enclosed consent and return two (2) copies to Hamon's Midland office as soon as possible.

Sincerely yours,

HAMON OIL COMPANY

By:   
Cecil H. Barton  
Production Engineer

CHB/dn

Enclosures

cc: Mr. James Massey

Mr. Daniel S. Nutter ✓  
105 East Alrcante  
Santa Fe, New Mexico 87501

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HOBBS OFFICE**

NEW MEXICO "36" STATE COM NO. 2

Working Interest Partners

Sun Exploration & Production Company  
#24 Smith Road, Suite 600  
Midland, TX 79705  
Attn: Don Smith

Don O. Chapell  
2230 Republic Bank Tower  
Dallas, TX 75201

C. W. Trainer  
526 Sandy Mountain Drive  
Sunrise Beach, TX 78643

Marvin C. Gross  
P.O. Box 258  
Roswell, NM 88201

Gordon E. Herkenhoff  
P.O. Box 1217  
Albuquerque, NM 87103

Eloy S. Duran  
P.O. Box 1854  
Roswell, NM 88201

Ralph C. McElvain  
4030 Powers Circle  
Salt Lake City, UT 84117

Abbott Brothers Company  
P.O. Box 637  
Hobbs, NM 88240  
Attn: Mr. Murrell Abbott, President

Smith Collins  
P. O. Box 2449  
Hobbs, NM 88240

Barstow Salt Water Disposal, Inc.  
P.O. Box 9370  
Midland, TX 79708

George Fram  
P.O. Box 563  
Roswell, NM 88201

Hilliard Oil & Gas, Inc.  
3000 N. Garfield, Suite 120  
Midland, TX 79705

Mexco Energy Corporation  
P.O. Box 10502  
Midland, TX 79702

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HOUSE OFFICE

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Commission  
P.O. Box 1980  
Hobbs, NM 88240

RE: Off-Lease Storage  
New Mexico Lease No. V-679  
W/2 Section 36, T-18-S, R-33-E  
Lea County, New Mexico

Gentlemen:

A request for permission for off-lease storage has been received from Hamon Oil Company, as operator, on the referenced lease.

As a party owning an interest in this lease, I have no objection for off-lease storage on the referenced lease and request approval be given.

Very truly yours,

By: \_\_\_\_\_

Date: \_\_\_\_\_

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HOLBY OFFICE