SALE OF REMAINING CRUDE OIL FROM SHIPP BATTERY

The Shipp #2 - J-11-17-37 and Shipp #4-L-11-17-37 were plugged and abandoned on April 11, 1977 and May 19, 1977, respectively. Prior to plug and abandonment, these wells were completed in the Midway (Abo) and Humble City (Wolfcamp).

There is approximately 150 bbls of oil left in the heater-treater and bottom of lease storage tanks. After contacting Charter International Oil Co. (purchaser) and advising them of the situation (Texas-New Mexico Pipe Line Co. is transporter), they requested that the remaining oil be sold to Navajo Crude and proceeded to make arrangements for us. Thus, the remaining oil will not be injected into Texas-New Mexico Pipe Line's system after collecting by truck.

RELIEI FD JUL 20, 1977. OIL CONSTRUCTION COMM. HOBBS, N. M.