

PHONE (505) 748-2194  
PHONE (505) 748-2325



DRAWER I  
ARTESIA, NEW MEXICO 88210

June 14, 1988

Oil Conservation Division  
P.O. Box 1980  
Hobbs, NM 88240

Attention Mr. Jerry Sexton

Re: Stivason Federal Lease

Dear Mr. Sexton:

Enclosed is a progress report on the above captioned lease. After June 30, 1987, production on the Stivason Federal #1 & #2 was held to a minimum because of high water production.

At that time, negotiations began with Hondo Oil & Gas Corporation to dispose of water into one of their systems. In April of this year, the system was completed and full production was resumed.

Also enclosed is a letter indicating the method for which the produced water is being disposed. We appreciate your help in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Frank S. Morgan".  
Frank S. Morgan

FSM/rlm

Enclosures