

P. O. BOX 2219

ZIA ENERGY, INC.

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HOBBS, NEW MEXICO 88240

April 21, 1987

State of New Mexico
Energy and Minerals Dept.
Oil Conservation Division
P.O. Box 1980
Hobbs, N.M. 88240

Gentlemen:

On April 14, 1987 a hole was discovered in the bottom of tank number 071758 on the Elliott Federal lease. This 210 barrel tank was full and had been waiting for Texas New Mexico Pipe Line to run the oil since April 6, 1987. TNMPL Co. had been delayed due to pipeline repairs being made on their line. This tank of oil had already been hot oil treated by Gold Star Service Company. There was no other tank in the battery that was available to transfer the oil.

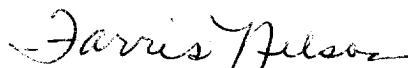
This oil is transported by TNMPL Co. for the account of Navajo Refining Company. TNMPL Co. lease code is 1712 and the Navajo Refining Company lease code is 3403.

Navajo Refining Company was contacted and a request was made for Navajo to send one of their tank trucks to transport the oil from tank no. 071758 on a one time emergency basis. Their truck arrived within one hour and approximately 180 barrels of oil was removed by truck no. 62 on ticket no. 3846, dated 4/14/87. It was transported to Navajo delivery station no. 584. Enclosed is a copy of the Run Ticket.

Enclosed is a C-104 filed with the Oil Conservation Division to change the transporter for this lease from Texas New Mexico Pipe Line Company to Navajo Refining Company. A second C-104 is enclosed to reverse the transporters to their original status. OCD advised that this procedure was necessary so that Navajo would account for this one load of oil.

If there are any questions, please call on us.

Yours truly,



Farris Nelson