



TONEY ANAYA
GOVERNOR

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

September 10, 1986

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161

Texaco Producing Inc.
P.O. Box 1137
Eunice, NM 88231

Attn: Mr. Richard D. Mills

Re: Zia Energy, Inc.
Cities Federal #3-C
Sec. 20, T22S, R36E
Jalmat Yates-SR Gas

Dear Mr. Mills:

This will confirm our conversation of this date and authorize Texaco Producing, Inc. to accept delivery of gas from the above well for 60 days based on an 80-acre allowable or factor of .50. for the Jalmat Gas Pool.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

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cc: Zia Energy, Inc.
P.O. Box 2219
Hobbs, NM 88240

OCD - Santa Fe