

P. O. BOX 2219

# ZIA ENERGY, INC.

PHONE (505) 393-2937

HOBBS, NEW MEXICO 88241

September 13, 1996

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

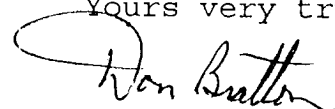
Attn: Mr. Jerry Sexton

Subject: Transfer of Stock Tank Oil from Hare San Andres to  
Penrose Skelly Grayburg

Dear Mr. Sexton:

Zia Energy, Inc. plugged back its Eubank Well No. 5 in August, 1996. Our unsuccessful attempt to produce the Hare San Andres resulted in 18 barrels of crude left in the production tank prior to the plugback. We would like to sell this crude with production from the Penrose Skelly Grayburg and transfer the ending stock accordingly in order to match the sales volume.

Yours very truly,

  
Don Bratton

APPROVED: \_\_\_\_\_

DATE: **SEP 17 1996**