

NEW MEXICO OIL CONSERVATION DIVISION
P.O. DRAWER DD
ARTESIA, NEW MEXICO 88210

DATE 9-10-96

Enerstar Resources Ltd

410 N. Main

Midland TX 79701

Re: Plugging Reports

Gentlemen:

Form C-103 Report of Plugging for your KM 14 #1 A 14-22-27
Lease Well No. Ut. S-T-R

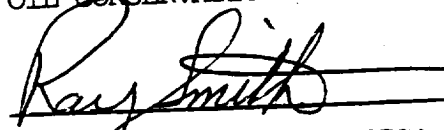
cannot be approved until an N.M.O.C.D. representative has made an inspection of the location and found it to be cleared to comply with Division Rules and Regulations. Please check each item in the space provided to indicate that the work has been done.

- () 1. All pits have been filled and leveled.
- () 2. Rat hole and cellar have been filled and leveled.
- () 3. A steel marker 4" in diameter and approximately 4' above mean ground level has been set in concrete. It must show the quarter-quarter section or unit designation, section, township and range numbers which have been permanently stenciled or welded on the marker.
- () 4. The location has been leveled as nearly as possible to original top ground contour and has been cleared of all junk and equipment.
- () 5. The dead men and tie downs have been cut and removed.
- () 6. If a one well lease or last remaining well on lease, the battery and burn pit locations have been leveled and cleared of all junk & equipment.

The above are minimum requirements and no plugging bond will be cancelled until all locations for plugged and abandoned wells have been inspected and Form C-103 approved.

When all of the work outlined above has been done, please notify this office by filling in the blank form below and returning this letter to us so that our representative will not have to make more than one trip to the location.

OIL CONSERVATION DIVISION


OIL AND GAS INSPECTOR

FILL IN BELOW AND RETURN

I certify that the above work has been done and the above mentioned lease is ready for your inspection and approval.

NAME

TITLE