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Albuquerque, N. M.  
Pho. 505-299-3379

May 20, 1974

Mr. Gene D. Wilson  
Gene D. Wilson & Associates  
301-B Graceland Drive, S.E.  
Albuquerque, New Mexico

Dear Mr. Wilson:

We are pleased to quote you as follows for exploratory drilling in your lease areas north of San Mateo, New Mexico.

We would furnish the drilling equipment you saw on location for the City of Albuquerque, New Mexico. In the event a contract is signed, we would furnish a complete equipment list, but in general, equipment would be R-4 Wichtex Double Drum Drilling Rig; 3 1/2" Drill Pipe; 20-5" Drill Collars; 7 1/2" x 16" Gardner Denver Mud Pump; Thompson 3-Long De-Sander; miscellaneous tools and related equipment such as G-3 Geolograph, mud testing equipment, etc.

We believe it in the best interest of all to set depth limitations on this equipment. Accordingly, we would want to limit operations to 2500 feet of 7-7/8" diameter hole and 2800 feet of 6-3/4" diameter hole.

We would prefer utilizing Baroid Division for mud supply and mud control engineering.

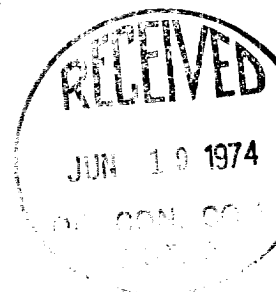
We carry insurance at all times in the amounts of \$100,000.00 property damage and \$300,000.00 bodily injury with a \$1,000,000.00 over-riding umbrella policy as well as standard workmen's compensation insurance.

### PROPOSAL

#### 1. Mobilization and Demobilization

All drilling equipment including rig, drill pipe, drill collars, mud pump, de-sander, pipe racks, tool house, light plant, flow lines and miscellaneous tools, dig slush pits and cover, rig up and rig down

Price . . . . . \$7,100



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2. Day Rate - With Crew and Equipment

Furnish rig, fuel and oil, and 3 - 8-hour  
drilling crews

Price . . . . . \$1,000.00 per day

3. Day Rate - Without Crew and Tools

Price . . . . . \$750.00 per day

4. Day Rate - With Crew, Less Tools

Price . . . . . \$1,500.00 per day

5. Owner to furnish drilling mud, lost circulation material,  
bits, and drilling water.

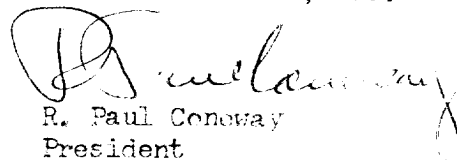
6. If casing is set and we are to supply welders, hourly rate  
for welding, on location, will be at our cost.

7. No applicable taxes are included in these prices.

We believe we have the equipment and personnel to complete this  
project to your satisfaction. We would be available to start on location  
June 24, 1974. Thank you for the opportunity of quoting you and if you  
have any questions, please call us.

Yours very truly,

WATER INDUSTRIES, INC.

  
R. Paul Conway  
President

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