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Evelyn B. Nielsen
Post Office Box 1014
Springfield, Virginia 22151

February 5, 1993

State of New Mexico Energy and Minerals Department
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Attention: Frank T. Chavez, District Supervisor

Dear Mr. Chavez:

Jerome P. McHugh and Associates has informed me of its intention to plug the Brimhall well located in the NE NE Section 10, Township 29N, Range 15W of San Juan County, in March, 1993. Because of this decision I want to inform you of my position concerning this matter and to request your assistance.

It is my understanding that a representative of the New Mexico Oil Conservation Division will be present during plugging, and that any bonds will not be released until the well has been plugged and the land is satisfactorily restored and free of oil well waste. My enclosed letter to McHugh provides my position regarding the plugging and land restoration efforts. As stated in the letter to McHugh, I want to have Mr. Ralph Wheeler or one of his sons present during those efforts. Please call me at telephone number (703)323-1374 and Mr. Wheeler at (505)598-5102 when a firm date has been scheduled for plugging.

Your cooperation will be appreciated.

Respectfully,

Evelyn B. Nielsen
Evelyn B. Nielsen

Enclosure

RECEIVED
FEB 11 1993
OIL CON. DIV.
DIST. 3

Evelyn B. Nielsen
Post Office Box 1014
Springfield, Virginia 22151

February 5, 1993

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894

Attention: Gary J. Johnson, V. P. Engineering

Dear Mr. Johnson:

This responds to your letter of January 28, 1993, regarding your decision not to produce the Brimhall well in the NE NE Section 10, Township 29N, Range 15W of San Juan County, New Mexico. Because of your decision and our inability to find another interested party, you have the responsibility to plug the well and to restore the land.

First, please keep the top of the wellhead to a depth of four or more feet below ground level.

*Dry hole
marker
will be
required*

Second, it is my understanding that restoration of the land requires the removal of the drilling pad composed of stones and poor grade soil brought in to make the well site, and other oil contaminated soil, to at least plow depth, and to fill the area with top soil. Also, in accordance with the provisions in the enclosed Pit Cleaning Agreement, McHugh & Associates agreed to clean out the reserve pit filled during drilling to a depth of four feet. This is a narrow pit that was dug nearly the full length of the North side of the well site, when the well was drilled.

Please call Mr. Ralph Wheeler of Waterflow, New Mexico at telephone number (505)598-5102 when you start plugging and land restoration efforts. The well site is on land currently leased to Mr. Wheeler, and he or one of his sons will be present during the efforts to determine if the land is being satisfactorily restored.

Copies of this letter have been provided to Mr. Wheeler and the New Mexico Oil Conservation Division to make them aware of my position on this matter. The Division has also been asked to contact Mr. Wheeler to make him aware of when the plugging and restoration efforts will begin.

Thank you for your cooperation. The people at McHugh have always been pleasant and cooperative. I wish we did not have to close our business relationship.

Respectfully,

Evelyn B. Nielsen
Evelyn B. Nielsen

Enclosure

PIT CLEANING AGREEMENT

Jerome P. McHugh
John A. Brimhall #1 Well
T-29-N, R-15-W, NMPM
Sec. 10, Unit Letter A
San Juan County, New Mexico

WE hereby agree to clean up, remove, dispose of, etc. waste, trash, mud, etc. and any other dangerous foreign particles contained in the reserve pit of the above referenced well. This action will be taken within and not exceeding two (2) years from the date hereinafter signed. In addition the pits will be cleaned to a depth of four (4) feet or until the dangerous foreign material has been removed, whichever comes first.

IN WITNESS WHEREOF, this agreement is voluntarily entered into and executed this 1st day of April, 1982.

SIGNED:

Jerome P. McHugh (agent)
J. A. Brimhall