

January 4, 1978

Re: Surface use for
test well sec. 27
20S-34E, Lea Co, NM

Mrs. Elizabeth Skeen
321 South Canyon
Carlsbad, New Mexico

Dear Mrs. Skeen:

I propose to drill a 3750 foot test 1650' FS & 660' FWL, of section 27 on your fee surface. The planned access road to the drilling pad will be 12 feet wide and about 560 feet long, going straight East from the existing pipeline road through an existing gate. The drilling pad will be about 130 feet by 200 feet with a reserve water pit about 100 feet by 50 feet. The access road and drilling pad will be bladed to remove the surface sand down to the hard-pan. No caliche will be used at this time. If production is obtained the drilling pad will be utilized for the tank battery with no additional surface disturbance.

All drill cuttings, drilling fluid, water produced, etc. will be disposed of in the reserve pit, which will be leveled when dry. All trash and debris will be either buried or removed after completion of operations. On final abandonment of the well and/or location the area will be cleaned, pits will be leveled and the road and pad ripped to promote revegetation to natural state.

Total surface disturbance will be kept to a minimum and be less than one acre.

If the above is agreeable with you, it is respectfully requested that you sign the approval below and return a copy.

Yours truly,

Carl Engwall

APPROVED this _____ day of _____, 1977

Mrs. Elizabeth Skeen