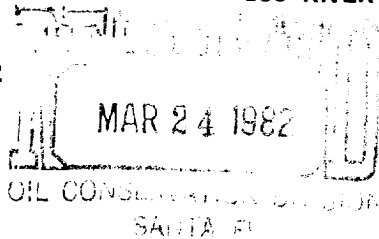


TRUE LAND AND ROYALTY COMPANY

106 RIVER CROSS ROAD

22 March 1982



P.O. Drawer 2360
Casper, Wyoming
82602

Phone 307/237-9301

Re: Water Well Agreement
Arguello No. 34
Mora County, New Mexico

Mr. Joe D. Ramey
Director
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

In compliance with State of New Mexico, Energy and Minerals Department, Oil Conservation Division, Rules and Regulations, dated 10-1-78, Section D. Abandonment And Plugging of Wells, Rule 203, Wells To Be Used For Fresh Water, we have executed the enclosed written Agreement pertaining to the Arguello No. 34 Well in Mora County, New Mexico, for filing with the Division.

Very truly yours,

TRUE LAND AND ROYALTY COMPANY

A handwritten signature in cursive script that reads "Jerry Kennedy". The signature is written in dark ink and is positioned above the printed name.

Jerry Kennedy
Landman

JK/hn
Enclosures

MAR 24 1982

AGREEMENT

THIS AGREEMENT is made and entered into this 22nd day of February, 1982, by TRUE LAND AND ROYALTY COMPANY (hereinafter referred to as "True") and BENNY S. ARGUELLO and ERNESTINE M. ARGUELLO, his wife, and BENJAMIN W. ARGUELLO (collectively hereinafter referred to as "Arguello").

WHEREAS, True has drilled a well for the purpose of exploring for oil and gas on land, the surface estate of which is owned by Arguello, said well being known as the Arguello No. 34 Well in Mora County, New Mexico; and

WHEREAS, said well is not valuable as an oil or gas well but is usable as a fresh water well; and

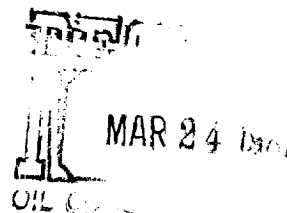
WHEREAS, Arguello desires to utilize said well as a fresh water well and True desires to turn over to Arguello said well for utilization as a fresh water well; and

WHEREAS, True has plugged said well below the fresh water formation in accordance with the laws of the State of New Mexico; and

WHEREAS, Arguello desires to hold True harmless from any liability for the use by Arguello of said well as a fresh water well;

NOW, THEREFORE, True agrees to turn over said well to

STATE OF WYOMING)
) ss.
COUNTY OF NATRONA)

 MAR 24 1982
OIL & GAS

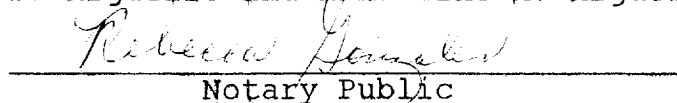
The foregoing instrument was acknowledged before me this 22nd day of February, 1982, by J. D. Milliken, Attorney-in-Fact for ~~XXXXXX~~ True Land and Royalty Company, a partnership on behalf of said partnership.

Gerald R. Kennedy - Notary Public
My Commission Expires:
County of _____ State of _____
Notary _____ Wyoming
My Commission Expires May 18, 1984


Notary Public

STATE OF NEW MEXICO)
) ss.
COUNTY OF Mesa)

The foregoing instrument was acknowledged before me this 18 day of March, 1982, by Benny S. Arguello and Ernestine M. Arguello, his wife.

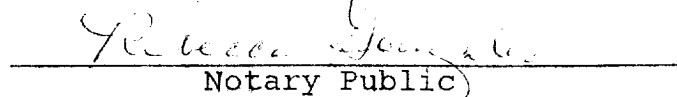

Notary Public

My Commission Expires:

December 26, 1982

STATE OF NEW MEXICO)
) ss.
COUNTY OF Mesa)

The foregoing instrument was acknowledged before me this 18 day of March, 1982, by Benjamin W. Arguello.


Notary Public

My Commission Expires:

December 26, 1982