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January 3, 1985

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BUREAU OF LAND MANAGEMENT

Mr. Matt Millenbach Bureau of Land Management Caller Service 4104 Farmington, New Mexico 87499

Re: Noarko Resources, Inc.

LuLu #5 Well Lease N.M. 28741 Sandoval County, NM

Dear Mr. Millenbach:

Noarko Resources, Inc. is requesting a one year extension on a previously approved venting of casinghead gas for its LuLu #5 well. The approval for venting casinghead gas expires on January 20, 1985. The well is located in the NW/4 SE/4 Section 29, Township 23 N., Range 6 W., Sandoval County, New Mexico.

This request for an extension to continue venting casinghead gas is necessitated by the fact that we are still unable to procure a gas purchaser for the well. Noarko has periodically called El Paso Natural Gas Company to stay abreast of any possible changes in their gas purchasing policy. To date, we have not been given any possible future date when they may begin purchasing casinghead gas. Noarko also contacted Northwest Pipeline Corp. and sent them all of the available information concerning the well. On March 5, 1984, Northwest Pipeline Corporation issued a gas purchase contract covering this well and two (2) other wells we operate in the area (LuLu #3 and LuLu #4). After some negotiations with Northwest, Noarko executed the contract on April 3, 1984. After numerous calls by Noarko on the status of the contract, we were informed on June 6, 1984 that Northwest's management rejected the contract. Northwest's reason for rejection was because of their internal problems with allocating gas volumes behind central meter points.

As previously outlined in our original letter for request for venting casinghead gas on January 20, 1984, and other correspondence, Noarko installed its own gas gathering system, meters, etc. for three other wells we operate in the area. The casinghead gas is delivered to El Paso Natural Gas Company's central meter approximately two miles west of the wells. With the Northwest contract, Noarko was going to extend the gas gathering system, install a meter on the location, deliver the gas to El Paso's

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