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March 20, 1989



Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

Attn: Frank Chavez  
Ernie Bush

RE: Utah International Inc.  
La Plata Mine Water Supply Well  
San Juan County, New Mexico

Gentlemen:

As per a request from Mr. Ernie Bush via telephone, please find attached a spud sundry and completion notice written by the undersigned. For the record, BHP Petroleum would like to clarify our position in the drilling and completion of the subject wellbore.

BHP Petroleum acted solely as a subcontractor to Utah International during the drilling and completion of this well. Utah International's geologist in charge of this well at that time and BHP Petroleum's engineer participating in the well were both recently contacted for their input on the permitting process which transpired prior to the drilling of this well. According to these individuals, the New Mexico Oil Conservation Division (NMOCD) was contacted for permitting requirements to drill this well to the Morrison formation. The NMOCD determined, however, that this well was out of their jurisdiction due to it being a water well rather than an oil or gas prospect. Based on the NMOCD's position in this matter, the State Engineer was contacted for requirements, and the well design, drilling and completion was completed under contract by BHP Petroleum.

BHP Petroleum is complying with your requests in good faith since we are more familiar with the NMOCD's requirements than Utah International; however, BHP maintains the position that Utah International remains the

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