

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
JOHN H. BEMIS

GUADALUPE PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

October 21, 1986

RECEIVED

OCT 22 1986

Richie Nez, Esquire  
Navajo Nation  
Post Office Drawer 2010  
Window Rock, Arizona 80515

OIL CONSERVATION DIVISION

Re: Application of Geo Engineering, Inc. for Exception  
to Rules 104(F) and 104(C)(I), McKinley County,  
New Mexico. OCD Case Nos. 8974, 8932 and 8933.

Dear Mr. Nez:

I appreciated the opportunity to meet with you on October 17, 1986, in connection with Geo Engineering's pending application with the New Mexico Oil Conservation Division. I believe the Navajo Nation and Geo Engineering have devised an amicable resolution to matters that will allow the coextensive use of the subject lands for grazing and oil producing activities.

This correspondence will reflect the terms of the agreement between the Navajo Nation and Geo Engineering, Inc. Those terms are as follows:

- (1) Geo Engineering will see that all pits are fenced with materials of sufficient strength so as to prevent the intrusion of livestock.
- (2) Geo Engineering will assure that each well location and surface installation are brought into full compliance with New Mexico Oil Conservation Division rules and regulations.
- (3) Geo Engineering agrees to periodically confer with the Tribal Resource Committee and advise the committee members of its development activities.
- (4) The Navajo Nation concurs with Geo Engineering's referenced application to the New Mexico Oil Conservation Division.

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This agreement affects lands located in the NE/4 and W/2 of Section 28, Township 20 North, Range 9 West, N.M.P.M., McKinley County, New Mexico, upon which the Navajo Nation holds a state grazing lease and Geo Engineering, Inc. holds a state oil and gas lease. The obligations of both parties hereunder, one to the other, cease upon the termination or assignment of either the state grazing lease or state oil and gas lease.

The comity of the Navajo Nation is appreciated. This agreement places the New Mexico Oil Conservation Division in a position to be able to approve Geo Engineering's application in a more expedient fashion.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is fluid and cursive, with the first name "J." and last name "Hall" being more distinct than the middle name "Scott".

J. SCOTT HALL

JHS/ab

cc: R. L. Stamets, New Mexico Oil Conservation Division  
Floyd Prando, State Land Office  
Geo Engineering, Inc.