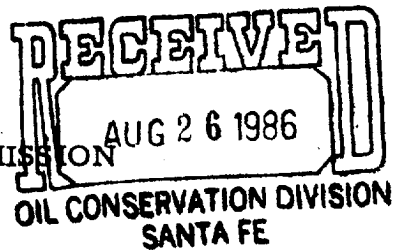


NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO



AFFIDAVIT OF RESPONSIBILITY  
CONVERSION TO WATER-WELL

STATE OF New Mexico )  
County of Santa Fe ) ss.

Steven P. Roche, being first duly sworn according to law, upon his oath deposes and says:

1. That he is Land Manager of Chace Oil Company, Inc.  
(Title) (Operator)

whose address is 313 Washington SE, Albuquerque, NM 87108.

2. That Chace Oil Company is the operator of a well drilled on land be-  
(Operator)  
longing to Cynthia Grenfell, whose address is T14N, R8E, Section 26,  
(Landowner)

County Road 55A, said well being drilled to test for hydrocarbons and/or  
carbon dioxide gas and described as the Pinon Unit No. 2, being located 2583  
feet from the south line and 1528 feet from the east line of Section 26,  
Township 14N, Range 8E, NMPM,  
County, New Mexico.

3. That said well was drilled to a total depth of 7500 feet, and that cas-  
ing has been set and cemented as follows:

4. That operator and landowner have made an agreement whereby operator  
(is) (is not) to back fill pits, level location, and clear it of all junk. The agreement  
further provides that operator is to plug said well back to a plugged-back total depth of  
120 feet and transfer well to landowner for his use as a water-well. Operator will  
leave casing in the well as follows:

4½" casing with a 10 sks cement plug from 255' up to 120' KB.  
Casing has a steel plate welded on top.

5. That when operator has complied with the provisions of Paragraph 4 above  
it will so notify the Oil Conservation Commission of the State of New Mexico on Com-  
mission Form C-103, together with a signed statement from the landowner that the  
provisions of Paragraph 4 above have been complied with to his satisfaction.

Chace Oil Company, Inc.

(Operator)

By [Signature]

Subscribed and sworn to before me this 12th day of August, A. D. 19 86.

My Commission Expires: Jan 17, 1990

[Signature]  
Notary Public in and for the County of Bernalillo

STATE OF New Mexico )  
County of Santa Fe ) ss.

Cynthia Grenfell, being first duly sworn according to law, upon  
his oath deposes and says that when the provisions of Paragraphs 4 and 5 above have been  
complied with, he will accept the above-described well for his use as a water-well, and  
that he will assume all responsibility for the well, the location, and the conversion of the  
well to a water-well.

Subscribed and sworn to before me this 14th day of August, A. D. 19 86.

[Signature]  
Notary Public in and for the County of Santa Fe