

Approval is given to drill as outlined above with the following understanding:

1. All water to be confined to its original horizon and test made for water shut off before drilling ahead. Casing shall be cemented if necessary to shut off water.
2. All showings of oil or gas to be tested for their commercial possibilities in a dry hole before drilling ahead. Each showing to be properly protected to prevent migration.
4. To prevent waste of, or damage to, and to provide the U.S. Geological Survey with carefully taken samples of other minerals drilled through, i.e., salt, coal, potash beds, etc. A string of casing should be set below the lowest salt formations and above any showings of oil, gas and water. This string of casing should be mudded or cemented to fully protect the salt deposits.
4. A string of casing to be set (cemented if necessary) on top of the productive sand and water shut off test made before drilling in.-----
5. Kindly notify J.H. Hassheider, Roswell office, on form 6-331a, at time of mudding, cementing and water shut off tests that a representative of the Survey may be present.
6. Lessee's monthly report of wells (form 6-329) must be filled out each calendar month and forwarded to the Casper office not later than the 6th day of the following month.