SHENANDOAH OIL CORPORATION

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United States Geological Survey Conservation Division South Rocky Mountain Area c/o Geological Survey Office Post Office Drawer "U" Artesia, New Mexico 88210 B. J. KELLENBERGER

1500 COMMERCE BUILDING FORT WORTH, TEXAS 76102 817/332-7381 TWX: 910 890 5023



Re: Shenandoah Oil Corporation Application for Permit to Drill Well in Unit "E", Section 29-18S-31E, Eddy County, New Mexico

Gentlemen:

In regard to the "Multi-Point Surface Use and Operation Plan" to be attached to Application for Permit to Drill, the requirements to all lessees and operators of Federal Leases will be answered in this instrument in the order listed in your guidelines:

1. Existing roads and exits from main highways will be shown on Exhibit No. 1 (attached). One locatable reference point on Exhibit No. 1 is a pumping well on the east side of Highway No. 31 (6-1/4 miles south of State Highway No. 82) almost 1 mile east of proposed location. The number of this well is Shugart "A" (APCO) No. 1. The location of this well is Unit Letter "A", 660 feet FEL, Section 29-18S-31E.

2. Planned access road to proposed location is shown on Exhibit No. 1 and will be approximately 12 feet wide and 600-700 feet long. Road will be surfaced, watered and compacted and graded. No gates or fences will be needed.

3. Locations of existing producing and plugged wells are shown on Exhibit No. 1.

4. Locations of existing tank batteries, flow lines, buried injection lines are shown on Exhibit No. 2. The proposed flow line for the proposed well will be tied into an existing flow line and the oil will be produced into an existing tank battery. The proposed flow line will be approximately 400-500 feet long. Other than the flow line, no new production facilities will have to be constructed.