

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
Geological Survey  
Water Resources Division  
P. O. Box 4217  
Albuquerque, New Mexico 87106  
July 10, 1967

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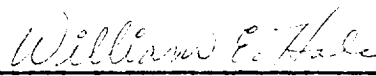
Mr. W. A. Hoover  
Vice-President and General Manager  
Pennzoil Company  
1007 Midland Savings Building  
Midland, Texas 79701

Subject Well: Yates-State No. 1, 660FSL and 1650 FWL, Section 32,  
Township 20 South, Range 30 East, Eddy County, New Mexico.  
State Oil and Gas Lease No. K-4278

Dear Mr. Hoover:

The New Mexico District, Water Resources Division of the United States Geological Survey; agrees to accept all future responsibility incidental to the subject well including the future plugging of the subject well in accordance with the New Mexico Oil Conservation Commission's Regulations, without additional cost to the Pennzoil Company, provided that:

The Pennzoil Company agrees as evidenced by the signature of an authorized representative, to give and transfer all of their rights, title and interest in the subject well, including any rights of ingress and egress to the subject well which may be owned by the Pennzoil Company, together with the casing in the subject well, to the New Mexico District, Water Resources Division of the United States Geological Survey, for use as a water-level observation well. The Pennzoil Company agrees to plug the subject well in accordance with the New Mexico Oil Conservation Commission's Rules and Regulations back in to the base of the intermediate casing set at 4,100 feet or to minimum plug depth of 3,900 feet prior to acceptance of this agreement by the New Mexico District, Water Resources Division of the United States Geological Survey.

  
William E. Hale, District Chief  
U.S. Geological Survey, WRD  
Albuquerque, New Mexico

Approved by:

  
As Authorized Agent for Pennzoil Company

Distribution - See attached page