

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

September 20, 2000

Sanders & Smith, LLC 3602 Washington Amarillo, TX Attn: Mr. Curry Smith

RE: AUTHORIZATION TO TRANSPORT AND REQUEST FOR ALLOWABLE: For the Allied State Well No. 1, located in Section 10, Unit Letter I, Township 23 South, Range 26 East, Eddy County, NM

Dear Mr. Smith,

In reference to the above well, please resubmit Form C-104, along with (5) copies to the address on the letterhead below that represents perforations that the New Mexico Oil Conservation Division (NMOCD) has latest records on. I have enclosed for you a well completion report dated May 5, 1992 that shows perforations to be 10,552-64 and 10570-74'.

Unless this well was actually plugged back, the NMOCD does not show any records indicating thereof. After receiving your forms, I will be happy to process them as soon as possible. You may fax one completed form, mail out the 'hard copies' and I will sign off on it. In closing, the NMOCD has a web-site that you can access rules and regulations, general information, data, drilling activity, etc. that you may find useful as an oil and gas operator in New Mexico. Our web-site is also provided on the letterhead indicated below.

If you have any questions, please feel free to call.

Respectfully Yours,

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Bryan G. Arrant District II Geologist-Artesia