

High Plains Petroleum Corporation

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August 25, 1989

OIL CON. DIV DIST. 3

Oil Conservation Division 1000 Rio Brazos Ra. Aztec, New Mexico 87410 Attention: Mr. Ernie Bush

> Re: Alimento State No. 1 SW/4NW/4 Sec. 36, T17N, R5W, McKinley County, New Mexico

Dear Ernie.

This letter will confirm our telephone conversation with regard to plugging of Alimento State No.1 and provide you with maps showing the way to our well location. Based on Teton Exploration's nearby uranium test, Well No. 4043, we expect Menefee from the surface to 340', Point Lookout from 340' to 440', Upper Mancos from 440' to 1335' and Hospah Sands from 1335' to 1400'. Therefore, in the event that the well does not contain oil in commercial quantities, plugs will be set in accordance with your instructions as follows; 50 ft. above the Upper Hospan (approx. 1285') to TD, 50 ft. above to 50 ft. below the Point Lookout aquifer, 100 ft. of cement across the shoe at the base of the surface casing and 10 sx. at the surface. In addition. there will be 9.0 to 9.5 lb. mud between the plugs, the Point Lookout plug will be tagged, a dry hole marker erected, the pits back filled and the location cleaned up and readied for OCD inspection.

Two maps are enclosed, a New Mexico State Highway Dept. map of the roads around Torreon, which shows State Highway 197 to Torreon, Navajo Rd. No. N-7028 from the west side of Torreon south to County Line Tank and the dirt road south from County Line Tank to the location, and a copy of the USGS topo map for the Canada Calladita Quad, which shows the roads from N-7028 to the well location in more detail. The roads to take are highlighted in yellow.

As we discussed, we expect to spud Monday or Tuesday and set surface casing on Tuesday. Starting Wednesday, we'll drill the hole to test the Hospah, which should take about 29 hrs.. Therefore, we should log and make the decision to run pipe or plug on Friday or Saturday. Since this is such a remote location. we appreciate your giving us plugging instructions in advance.

John Somers High Plains Petroleum