

This location was inspected on Friday, June 7, 1974, by Mr. John Arwood, a representative of the Bureau of Land Management, and Mr. Joe Massey.

Mr. Arwood suggested we utilize an existing, undrilled pad, located 383.5' in a south-southwest direction from the proposed location. This suggestion was taken to our geological staff for their review.

Any location movement in a southerly and/or westerly direction will result in a loss of structural position of the top of the payzone in relation to the oil-water contact (i.e. loss of pay thickness). As you know, excessive water product is a major problem in this field, therefore, pay thickness above the o/w contact is critical.

Therefore, we feel we must take exception to Mr. Arwood's recommendation and drill this well at the site originally planned.

If there is any restoration work that needs to be done on the location already built, Petro-Lewis will assume this obligation.

As you know, these times are ones of greatly accelerated oil and gas activity, and the timing of equipment use and materials delivery is extremely difficult to coordinate. We have made an agreement with Four Corners Drilling Co., Farmington, to have a rig available approximately June 25th. We would appreciate your approval to permit us to meet this obligation. If approval will require additional time, I would appreciate an estimate of the requirement so the contractor can be kept advised.