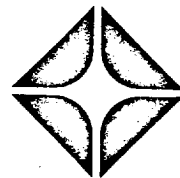
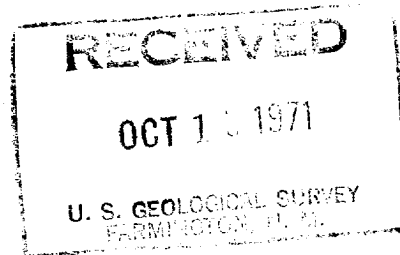


Atlantic Richfield Company

North American Producing Division
Rocky Mountain District
1860 Lincoln St. — Suite 501
Denver, Colorado 80203
Telephone 303 266 2461

W. A. Walther, Jr.
District Production & Drilling
Superintendent



October 12, 1971

Mr. P. T. McGrath, District Engineer
United States Geological Survey
P. O. Box 959
Farmington, New Mexico

RE: Off-Lease Storage

Dear Mr. McGrath:

Effective 7:00 a.m. November 1, 1971, the East Bisti Unit will be terminated. Skelly Oil Company is the current Unit Operator. With the termination of the Unit, leases not plugged out, or otherwise terminated, will be returned to their former operator(s). Two one-well leases are being returned to Atlantic Richfield Company and Sun Oil Company. These leases and wells are as follows:

East Bisti Unit, Well No. 14
Ki-Yah-De-Tah Lease, Well No. 1
2110' from North and 330' from West lines
(Unit Letter "E") Section 24-25N-11W,
San Juan County, New Mexico
Contract No. 14-20-603-1382

East Bisti Unit, Well No. 15
Bittoney Nez Lease, Well No. 1
2310' from North and 2310' from East lines
(Unit Letter "G") Section 23-25N-11W,
San Juan County, New Mexico
Contract No. 14-20-603-1349

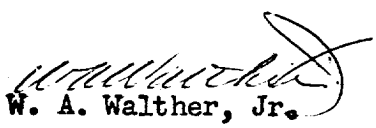
Current Unit battery facilities being utilized by these wells are located in the NW/4 SE/4 (Unit Letter "J" of Section 23-25N-11W, San Juan County, New Mexico. A portion of the current battery facilities will be obtained by Atlantic Richfield Company for handling of crude production from the above wells. Each well will produce through, and into, its individual flow line, treating system, and storage tanks. There will not be commingling of production between these two wells, or production from any other well or lease.

Off-Lease Storage
Ki-Yah-De-Tah Lease
Bittoney Nez Lease

Since these wells have been under water flood operations, the production is relatively small, and, if any large expenditures are incurred, the wells could not be operated economically. Only minor connection work will be required on the present facilities to provide separate battery facilities for each of the wells. The cost of relocating the flow line and battery facilities for "on-lease" storage would amount to several thousand dollars. Therefore, due to the small amount of production and the high cost of relocating the facilities, we hereby request approval for "Off-Lease Storage" for the two wells.

As a matter of information, all lands involved are Indian Lands, and arrangements are being made to secure their approval for "Off-Lease Storage".

Very truly yours,


W. A. Walther, Jr.