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October 21, 1986

Richie Nez, Esquire  
Navajo Nation  
Post Office Drawer 2010  
Window Rock, Arizona 80515

BEFORE EXAMINER CATANACH  
OIL CONSERVATION DIVISION

~~APPLICANT'S~~ EXHIBIT NO. 1-A

CASE NO. 8974, 8932, 8933

Re: Application of Geo Engineering, Inc. for Exception  
to Rules 104(F) and 104(C)(I), McKinley County,  
New Mexico. OCD Case Nos. 8974, 8932 and 8933.

Dear Mr. Nez:

I appreciated the opportunity to meet with you on October 17, 1986, in connection with Geo Engineering's pending application with the New Mexico Oil Conservation Division. I believe the Navajo Nation and Geo Engineering have devised an amicable resolution to matters that will allow the coextensive use of the subject lands for grazing and oil producing activities.

This correspondence will reflect the terms of the agreement between the Navajo Nation and Geo Engineering, Inc. Those terms are as follows:

- (1) Geo Engineering will see that all pits are fenced with materials of sufficient strength so as to prevent the intrusion of livestock.
- (2) Geo Engineering will assure that each well location and surface installation are brought into full compliance with New Mexico Oil Conservation Division rules and regulations.
- (3) Geo Engineering agrees to periodically confer with the Tribal Resource Committee and advise the committee members of its development activities.
- (4) The Navajo Nation concurs with Geo Engineering's referenced application to the New Mexico Oil Conservation Division.

Richie Nez, Esquire  
October 21, 1986  
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This agreement affects lands located in the NE/4 and W/2 of Section 28, Township 20 North, Range 9 West, N.M.P.M., McKinley County, New Mexico, upon which the Navajo Nation holds a state grazing lease and Geo Engineering, Inc. holds a state oil and gas lease. The obligations of both parties hereunder, one to the other, cease upon the termination or assignment of either the state grazing lease or state oil and gas lease.

The comity of the Navajo Nation is appreciated. This agreement places the New Mexico Oil Conservation Division in a position to be able to approve Geo Engineering's application in a more expedient fashion.

Very truly yours,



J. SCOTT HALL

JHS/ab

cc: R. L. Stamets, New Mexico Oil Conservation Division  
Floyd Prando, State Land Office  
Geo Engineering, Inc.

All distances must be from the outer boundaries of the Section.

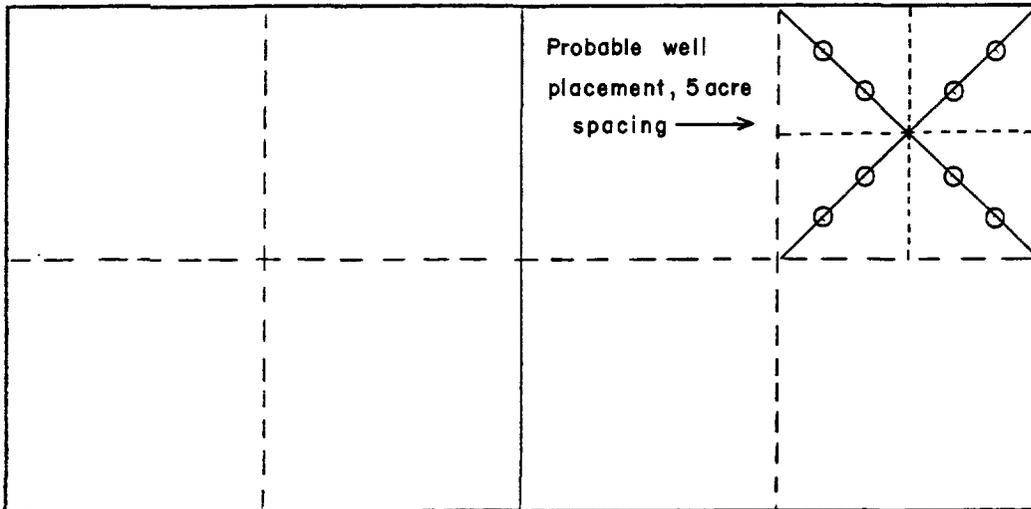
Operator		Lease			Well No.
Unit Letter	Section	Township	Range	County	
Actual Footage Location of Well:					
feet from the		line and	feet from the		line
Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:		
					Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



BEFORE EXAMINER CATANACH  
OIL CONSERVATION DIVISION  
GEO EXHIBIT NO. Z  
CASE NO. 8974, 8932, 8933

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed \_\_\_\_\_

Registered Professional Engineer and/or Land Surveyor: \_\_\_\_\_

Certificate No. \_\_\_\_\_