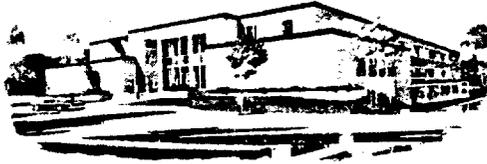


State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

August 7, 1986

Case File - 8976

Kellahin and Kellahin
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Re: Chaveroo Operating Company application to convert the Atlantic
"B" State #2 Well located in Unit B, Section 30, T17S, R36E

Attention: Marsha L. Butler

Dear Madam:

This letter will acknowledge receipt of your letter dated August 4, 1986.

The Land Commissioner does not object at this time as to the conversion of the above well to be utilized to dispose of salt water, however, he does reserve the right to refuse to grant an easement when to do so would be detrimental to the Trust Lands.

If any of the salt water to be injected is produced from lands not under applicant's state oil and gas lease, then the applicant, in addition to a disposal site easement, will be required to secure a regular right-of-way and easement for a pipeline, roadway or other means of conveyance under the rules pertaining to right-of-way.

Sincerely,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

Floyd O. Prando, Director
Oil and Gas Division

JB/FOP/cb

cc: David Catanach - OCD ✓