



BRANEX RESOURCES, INC.
POST OFFICE BOX 2328
ROSWELL, NEW MEXICO 88202
(505) 623-2840

RECEIVED

SEP 19 '90

O. C. D.
ARTESIA OFFICE

August 23, 1990

Thomas S. Cooper
410 First National Tower Building
Las Cruces, New Mexico 88001

RE: Osage "33" Com. #2 well
T6S-R26E, NMPM, Section 33
Unit Letter C
990' FNL & 1650' FWL
Chaves County, New Mexico

Dear Mr. Cooper:

Pursuant to our recent telephone conversation concerning the above captioned well, which has now been abandoned and plugged in accordance with procedures prescribed by the New Mexico Oil Conservation Division, this letter will constitute an agreement between you as the owner of the surface of said lands and Branex Resources, Inc. as the Operator of the subject test well. You are aware that the reserve pits that were dug in connection with this test well have now been thoroughly dried and you as the surface owner of said lands have indicated that it is your desire that Branex Resources, Inc. not break out said pits as you may have an interest in utilizing the pits for water storage purposes which would be used in conjunction with your agricultural operation on said lands. You have indicated to us that at some point in the future you might be interested in reentering the above captioned dry hole and attempting to complete same as a water well which would also be used in your agricultural operation. Branex Resources, Inc. submitted a sundry notice to the NMOCD under date of October 31, 1989, which prescribed the plugging program which has now been carried out in full and a dry hole marker has been installed.

With the execution of this letter you hereby agree that Branex Resources, Inc. shall not be held to any further liability in connection with breaking out the pits dug for this well or the reclamation of the pad and/or roads leading to the drillsite as you intend to utilize them. Branex Resources, Inc. shall now apply to the State of New Mexico for a release of their plugging bond as regards this well.

If this letter is in agreement with the conversation that we have had, please execute both copies of this letter and return one to me for our files as soon as possible so that I may apply to the State of New Mexico for a release of our plugging bond. Thank you very much for your time and consideration in this matter.

AGREED TO AND ACCEPTED THIS
24th DAY OF August, 1990.

Thomas S. Cooper
BY: Thomas S. Cooper

Yours very truly,

BRANEX RESOURCES, INC.

F. Andrew Grooms
F. Andrew Grooms
President

COPY