

C O P Y

March 11, 1969

Mr. Alex J. Armijo  
Commissioner of Public Lands  
State of New Mexico  
Post Office Box 1148  
Santa Fe, New Mexico 87501

Attention: Mr. Ted Bilberry

Re: New Mexico State OG-5242-1,  
E/2 Sec. 35, T 16S, R 34E, N.M.P.M.,  
Lea County, New Mexico

Dear Sir:

The Olen F. Featherstone II Trust has negotiated an option arrangement to earn an interest in the caption lease, subject to obtaining an extension by drilling over expiration date on New Mexico State Oil and Gas Lease OG-5242-1.

We propose to drill a Lower Wolfcamp test estimated at 10,800 feet in the E/2 Section 35, the exact location to be in the center of the NW/4 SE/4 of Section 35. Since the subject lease is due to expire March 17, 1969 we have made arrangements to be drilling on the 17th and at midnight over the expiration period. The cable tool will drill and set surface pipe to approximately 350 feet. Cement will be circulated as required by the Oil Conservation Commission. The cable tool will then be moved off and a rotary rig moved on location to continue drilling to the objective depth.

We desire to invoke paragraph 16 of lease contract OG-5242-1, in the name of Southern Union Production Company, in requesting an extension of the subject lease beyond its present term. In this respect we are enclosing herewith my personal check in the amount of \$160 to cover the eleventh year rental.

As required by the lease contract a report will be submitted each thirty days and we will have a Commission representative present to witness drilling over the expiration period.