

APPROVAL TO DRILL is given as outlined above with the understanding that the following general and special requirements be strictly complied with:

GENERAL

1. All water to be confined to its original horizon and test made for water shut-off before drilling ahead. Casing shall be cemented if necessary to shut off water.
2. All showings of oil or gas to be tested for their commercial possibilities in a dry hole before drilling ahead. Each showing to be properly protected to prevent migration.
3. To prevent waste of, or damage to, and to provide the U. S. Geological Survey with carefully taken samples of, other minerals drilled through, i. e., coal, salt, potash beds, etc.
4. The permittee shall permanently mark all rigs or wells in a conspicuous place with his name or the name of the actual operator and the number and description of the well, and shall take all necessary precautions to preserve these markings.
5. Notify the U. S. Geological Survey office, P. O. Box 591, Roswell, New Mexico, on form 9-331a, of mudding, cementing, and water shut-off tests a sufficient time in advance in order that an engineer of the Survey may be present.
6. Lessee's monthly report, in triplicate on form 9-329, must be filled out each calendar month and forwarded to the Roswell office not later than the 6th day of the following month.

SPECIAL

1. Any change of drilling plan, or the conditions of approval, must have the written approval of the District Engineer before the change is made.
2. Carefully taken samples of drill cuttings must be taken at least every ten feet from 200 feet from surface to bottom of hole, and submitted through approved agent or directly to the U. S. Geological Survey, Roswell office.
3. The 7" casing to be set not higher than 50' above the 1100 foot pay, or to a point to be determined to be mutually agreed upon between geological department of Humble O. & G. Co. and the Deputy Supervisor.