

***BASIN OPERATING COMPANY***

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John G. Worrall, III  
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January 8, 1997

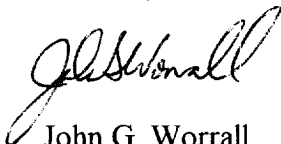
ATTN: Jerry Sexton  
New Mexico Oil Conservation Division  
P.O. Box 1980  
Hobbs, New Mexico 88240

RE: Basin Kimo Sabe ~~State~~ #1  
Section 16-T19S-R33E, Unit J  
API #: 30-025-23372

Dear Mr. Sexton,

Per your instructions and our conversation, this letter is sent to put in the well file that on behalf of the NMOCD, you have granted Basin the right for 30 days hence to dispose of water that is produced from perforations at 7177 to 7194 feet (present beneath a packer at 7035 feet), into perforations at 5969 to 5977, 6061-6133, 6187-6203, and 6974 to 7001 feet. A copy of the wellbore diagram has been sent to the NMOCD along with the completion report and sundry notices. Thank you for your cooperation in this request.

Sincerely,



John G. Worrall  
President

JGW/kjh