

February 4, 1978

Mr. and Mrs. Mark Smith
P. O. Box 1296
Lovington, New Mexico 88260

Mr. Robert V. Lockhart
Union Oil Company of California
P. O. Box 671
Midland, Texas 79702

Dear Sir:

This letter is to acknowledge that we have reached an agreement with you as to the surface damage payments with respect to your use of the surface and roads to be used in drilling, completing and operating the proposed Union Oil Company of California operated Laguna Deep Unit Federal Well No. 1 located in the NE/4 of Section 35-19S-33E, NMPM, Lea Co., New Mexico.

Very truly yours,

Mark Smith

Mark Smith

Annie Lora Smith

Annie Lora Smith