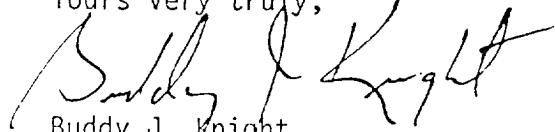


- 4) Grace Petroleum Corporation's agents, employees, and invitees including USGS personnel shall have the right to enter upon the existing roads and well site to inspect any drilling, testing, and producing operations.
- 5) Upon successful completion of a producing well, an annual rental charge of \$750.00 for the use of the roads and well site will become effective the date of the first royalty payment to the United States with each succeeding payment due upon this anniversary date until well abandonment.
- 6) Upon abandonment of the well, all caliche will be removed from the well location pad and the pad will be "ripped" to promote revegetation (existing roads -- will be left in place).

Please signify your approval of the damage settlement by depositing the check to your account and your acceptance of this surface use agreement and restoration plan by signing in the space provided below. By signing, you are claiming ownership of the surface land and the right to make this agreement.

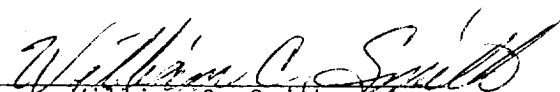
The original and one copy of this letter should be returned to the Midland District Office in the enclosed envelope with the remaining copy being provided for your files.

Yours very truly,

  
Buddy J. Knight  
District Production Manager

BJK:mlb

xc: BJK-RF

Accepted:   
William C. Smith

DAT: 5-11-79

**RECEIVED**

**JUN 15 1979**

**OIL CONSERVATION COMM.  
HOBBS, N. M.**