



SOUTHWEST ROYALTIES

SOUTHWEST ROYALTIES, INC
Southwest Royalties Building
407 N. Big Spring, Midland, TX 79701-4326
P.O. Box 11390, Midland, TX 79702-8390
(915) 686-9927 1-800-433-7945

April 14, 1999

Attn: Chris Huff
Jack Huff
4000 N. Big Spring, Ste 101
Midland, Texas 79702

RECEIVED
APR 20 1999
OPERATIONS DEPARTMENT

Re: Cities Federal SWD
Jalmat Tansill Yates 7 Rivers Field
Section 20. T22S. R36E
Lea County, New Mexico

Dear Mr. Huff:

As discussed, Southwest Royalties, Inc. has been disposing of water in its Cities Federal #1 well (Unit L), under Permit R7504. The well has experienced downhole mechanical problems and has been shut in pending approval to plug and abandon. Southwest Royalties, Inc, pending regulatory approval, plans to convert Cities Federal #2 (Unit M), to a disposal well. Southwest plans to dispose of water in the Seven Rivers and Queen formations. The Cities Federal is a commercial disposal handling water from several leases in the area. Therefore your assistance in providing a waiver of objection to this proposal will be appreciated. A copy of the permit application will be provided as soon as possible.

Please sign in the space provided below and return to the undersigned in the postage paid envelope provided. Thank your assistance with this project.

Sincerely,

C.M. Bloodworth, P.E.
Area Supervisor

The undersigned has no objection to conversion of the Cities Federal #2 to disposal.

Jack Huff

Name CHRIS HUFF
OPERATIONS MANAGER
Title
4-16-99
Date