

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



RECEIVED

APR 27 1999

OPERATIONS DEPARTMENT

Friday, April 23, 1999

Attn: Richard Lauderdale
Anadarko Petroleum Corporation
P.O. Box 2497
Midland, Texas 79702

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

Dear Mr. Lauderdale:

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.

Anadarko Petroleum Corporation

Richard E. Brandt

Name

Production Engineer

Title

4/26/99

Date