



## 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

Monday, April 19, 1999

Attn: Mr. John Seay  
Seay Exploration, Inc.  
407 N. Big Spring, Suite 200  
Midland, Texas 79701

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

Dear Mr. Seay:

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.

Seay Exploration, Inc.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Received for Record  
May 5<sup>th</sup>, 1999  
John Seay  
Agent For  
Quantum  
Energy, Inc.