

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



Tuesday, April 20, 1999

Attn: Ms. Bobbie Young  
Bureau of Land Management  
P.O. Box 1778  
Carlsbad, NM 88220

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

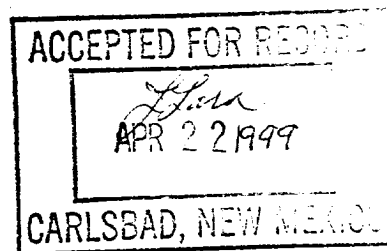
Dear Ms. Young:

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 surface owner has no objection to conversion of the Cities Federal #2 to disposal.

Bureau of Land Management

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date