

Earle M. Craig, Jr. Corp.  
P. O. Box 1351  
Midland, Texas 79702

New Mexico Oil Conservation Commission  
P. O. Box 1980  
Hobbs, NM 88241

Re: Sabre "2" #1  
Unit B, Sec 2,  
T21S, R33E

Attention: Mr. Jerry Sexton

Dear Mr. Sexton:

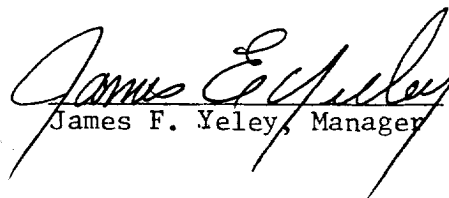
As per your instructions Earle M. Craig, Jr. Corp. agrees to drill through the Bone Springs Formation to an approx depth of 9000'. At which depth we will stop drilling operations and run a standard formation leak off test to an equivalent mud gradient of 9.5 pounds per gallon.

If the Bone Springs will not hold the test gradient EMC, Jr. Corp. will continue drilling operations to just above (100') the Atoka formation and set and cement a protective liner before drilling operations continue.

These operation will be witnessed by J. E. Yeley, and OCD will be notified before test is ran.

Yours very truly,

Earle M. Craig, Jr. Corp.

  
James F. Yeley, Manager