

Water Resources Division
P.O. Box 4217
Albuquerque, New Mexico 87106
July 18, 1966

Mr. P. B. Abbey
Pan American Petroleum Corporation
Oil and Gas Building
P.O. Box 1410
Fort Worth, Texas

MAIN OFFICE ONLY

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Subject Well: No. 1 North Guster Mountain Unit, 660 FNL and
1940 FNL Sec. 18, Township 21 South, Range 35
East, Lea County, New Mexico

Dear Mr. Abbey:

The New Mexico District, Water Resources Division of the United States Geological Survey, agrees to accept all responsibility incidental to the subject well including the future plugging of the subject well in accordance with the New Mexico Oil Conservation Commission's Regulations, without additional cost to Pan American Petroleum Corporation, provided that:

Pan American Petroleum Corporation agrees as evidenced by the signature of an authorized representative, to give and transfer all of their rights, title and interest in the subject well, including any rights of ingress and egress to the subject well which may be owned by Pan American Petroleum Corporation, together with the casing in the subject well, to the New Mexico District, Water Resources Division of the United States Geological Survey, for use as a water-level observation well. Pan American Petroleum Corporation further agrees to plug the subject well back to 12,845 feet in accordance with the New Mexico Oil Conservation Commission's Regulations, thus leaving approximately 300 feet of uncased hole.

Yours truly,

William E. Hale, District Chief
U.S. Geological Survey, WRD
Albuquerque, New Mexico

Approved by:

As Authorized Agent for Pan American Petroleum Corp.

cc: Powers, Mutter, Ramey, Rays, Zbur