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CABEEN EXPLORATION CORPORATION

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OIL & GAS
CONSERVATION COMMISSION

719 Farmers Union Bldg.
16th & Sherman Sts.
Denver 3, Colorado
AMherst 6-0283

12426 Ventura Blvd.
North Hollywood, California
Stanley 7-1175

February 12, 1957

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Continental Oil Company
Continental Oil Building
Denver 2, Colorado

Re: Canadian River Field
Jackson County, Colorado

Gentlemen:

We are in the process of acquiring a farmout from the Texas Company covering the leasehold interest in the following described land located in Jackson County, Colorado, to-wit:

T. 9 N., R. 78 W., 6th P. M.

Sec. 10: N/2 SE/4, S/2 NE/4
Sec. 11: W/2 SW/4

Under this farmout agreement, it will call for the drilling of a well for oil or gas at a location in Section 10, 200 feet from the East line and 1,520 feet from the North line of said section, being approximately in the Northeast corner of the South-east Northeast quarter of said Section. The closest producing well from this location is the well owned jointly by you and us (50% interest each) located 400 feet due East from this proposed location, this said closest well being 200 feet from the West line and 1,520 feet from the North line of Section 11.

As you are aware, the Field Rules of the Colorado Oil and Gas Conservation Commission governing operations in the Canadian River Field, as expressed by Order No. 96-1 in Cause No. 96 established 40 acre drilling and spacing units for the production of oil from the said Dakota-Lakota Formation and further provide under Rule 1 the following:

"(a) The permitted well for each unit shall be located not less than 200 feet from any property line, lease line or governmental quarter-quarter section line, and not less than 600 feet from any other producible oil well or drilling well in said common source of supply; provided however, that this rule shall not be applicable where the owners proposing to drill a well file with the Commission a waiver, or consent, in writing, signed by the lease owner toward whom the well location is proposed to be moved, agreeing that said well may be located at the point at which the owner proposes to drill the well."

Continental Oil Company
Denver, Colorado
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We should like to consummate our deal with the Texas Company to acquire the farmout acreage above described, and to drill the well at the location in Section 10 above described. Obviously, the proposed location of the well to be drilled by us under the Texas Company farmout will not comply with the order of the Conservation Commission unless the waiver or consent further referred to is obtained. Since you and we own an undivided 1/2 interest each in the closest well, being the well toward which the well location proposed above is to be moved, we should like to obtain your consent and waiver to our drilling the proposed well at the location above described. This letter, of course, will serve as our waiver and consent as to our undivided 1/2 interest in the lease upon which the closest well is located for all purposes to comply with the Rule.

It is therefore requested that you please indicate by your signature in the space provided below your waiver and consent to our drilling the proposed well under the Texas Company farmout at the location above designated, and further, that our signatures hereon shall constitute sufficient evidence of consent in writing for filing with the Conservation Commission in accordance with the express provision of Rule 1 as above quoted.

Your prompt action on this matter would be very greatly appreciated.

Very truly yours,

CABEEN EXPLORATION CORPORATION

By Burdette A. Ogle, Jr.
Burdette A. Ogle,
Executive Vice President

Waiver of and consent to the drilling by Cabeen Exploration Corporation of the well proposed to be drilled under the said Texas Company farmout, which location in Section 10 is above described, is hereby granted.

CONTINENTAL OIL COMPANY

By R. White