

Reinjection of Gas

Royalty is paid on all gas produced and sold. Any operator planning to re-inject gas into a producing formation must obtain prior approval from University Lands.

Provide a request letter*, including the University leases (with legal descriptions) involved, specifically which wells gas shall have re-injected, how the gas will be metered and a facility schematic* showing how the product is routed, metered and distributed. Include sales line meter location in relation to the battery and how gas will be sent back to the wells.

When providing production reports to University Lands, any gas volume re-injected and volumes sold must be included.

* Sample attached

Sample Gas Lift Request Letter
(printed on company letterhead and mailed to the address below)

Date

Land Department
University Lands
PO Box 553
Midland, TX 79702

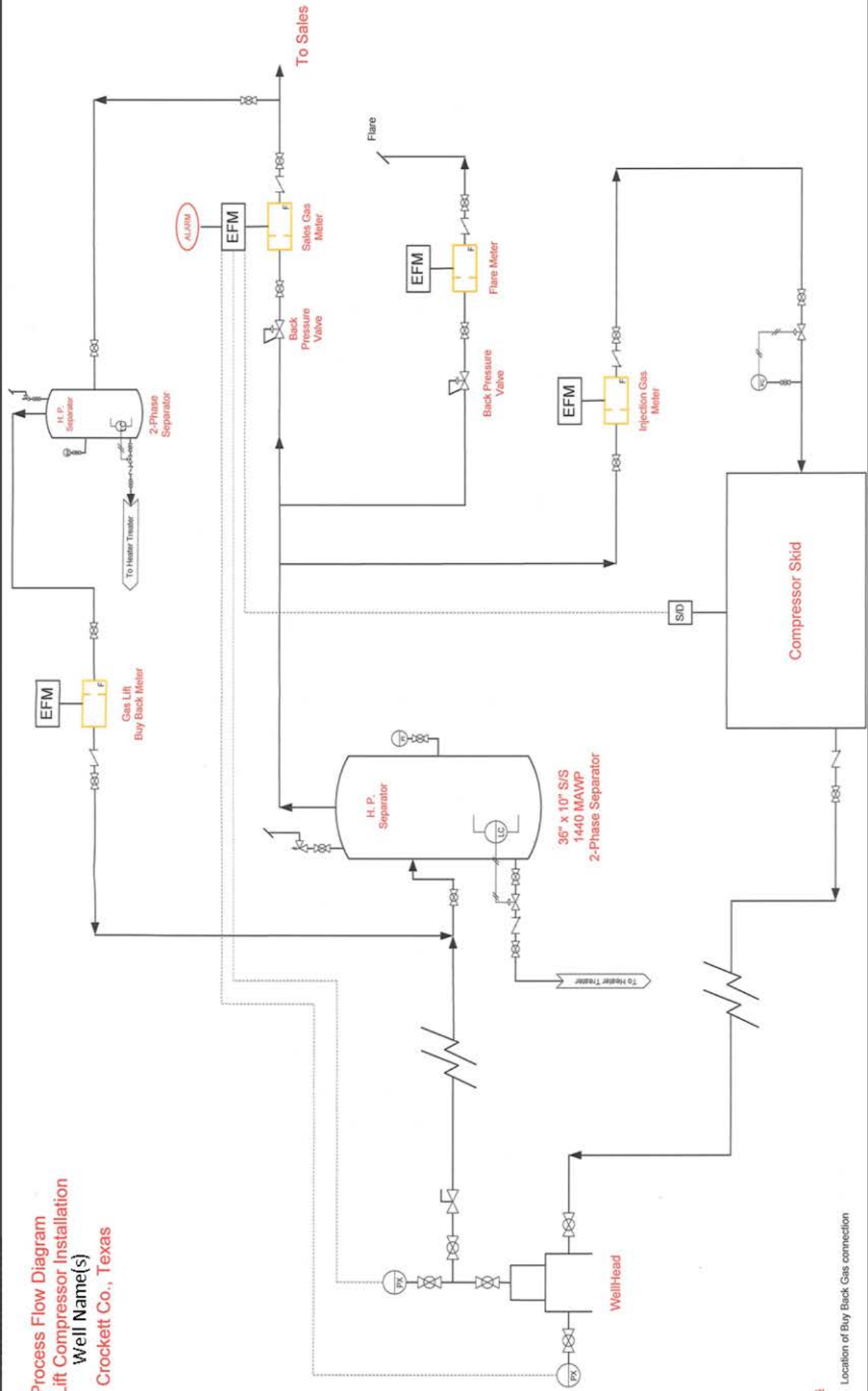
Re: Well Name & Number
Section, Block, University Lands,
County, Texas
UL Lease Number

Company has drilled and completed the above noted well(s). Plans are to install a gas lift compressor system that will be used to inject gas back into the wellbore to aid in producing fluids from the wellbore. This system will allow Company to effectively produce large volumes of fluids.

According to provision 3 (d) of the oil and gas leases dated _____, this letter is to request consent from the Board for Lease of University Lands to inject gas into the well(s). Enclosed herein is a copy of the process flow diagram showing the design of the gas lift compressor system.

Any technical questions that your office may have about this matter should be directed to _____. He/she can be reached at phone number and email address.

Process Flow Diagram
Gas Lift Compressor Installation
Well Name(s)
Crockett Co., Texas



Notes

REV. 1 Location of Buy Back Gas connection