

Reinjection of Gas

Any operator planning to re-inject gas into a producing formation on PUF lands must obtain prior approval from University Lands (UL). Any UL gas used for injection on a UL lease with the same royalty rate, will not be royalty bearing until the gas is sold. Gas from a UL lease cannot be used to inject into a non-UL lease, without prior payment of royalties.

Provide a request letter*, noting the University leases and wells involved. Specify the source of the gas to be injected. Describe how the gas will be metered and provide 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.

* Sample attached

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

Date

University Lands - Regulatory Dept
Attention: Cindy Brooks
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.

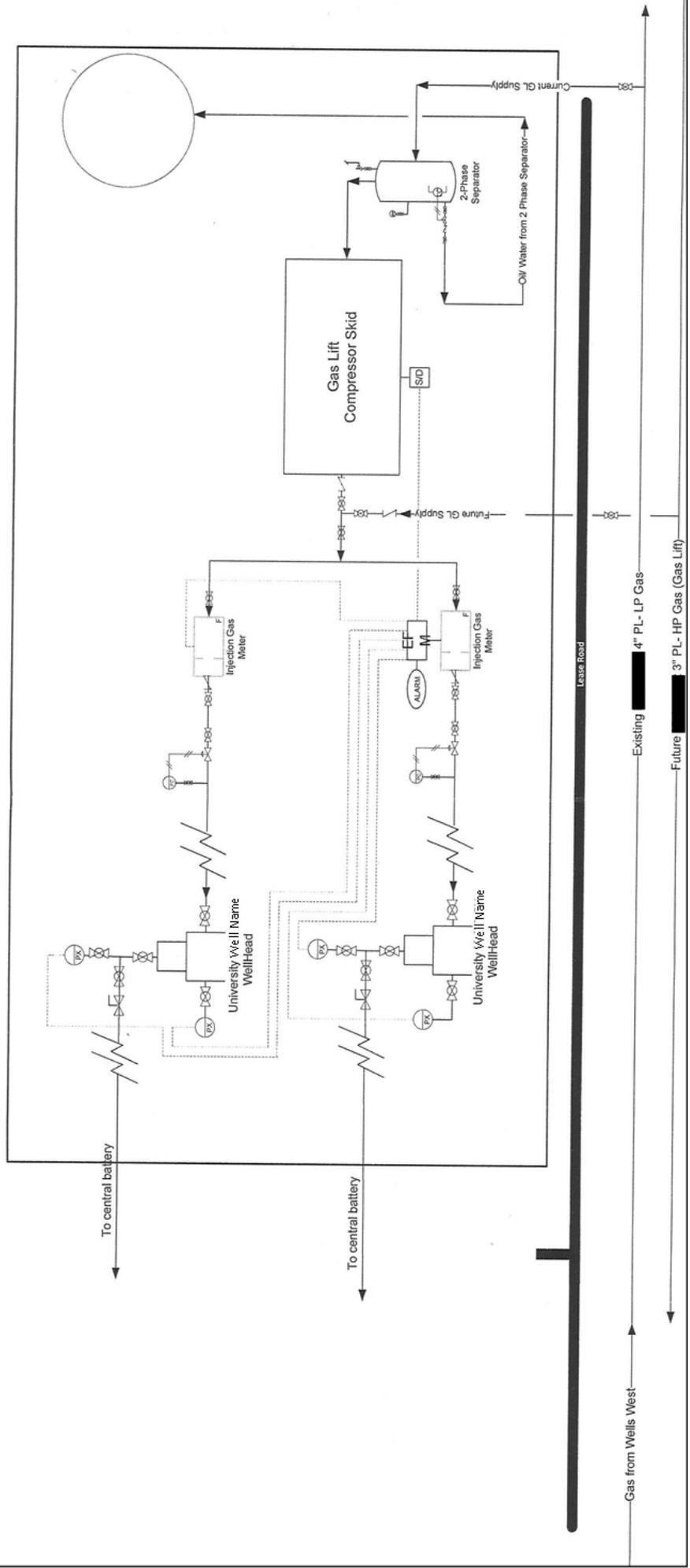
This letter is to request consent from the Board for Lease of University Lands to inject gas into the subject well(s). Enclosed is a list of the affected wells, their location and their University Lands' royalty rate. The source gas is from _____ and is being metered prior to being injected into the well(s) noted above. We have also provided a copy of the process flow diagram showing the design of the gas lift compressor system, noting the route of the products involved, location of meters and sales lines.

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

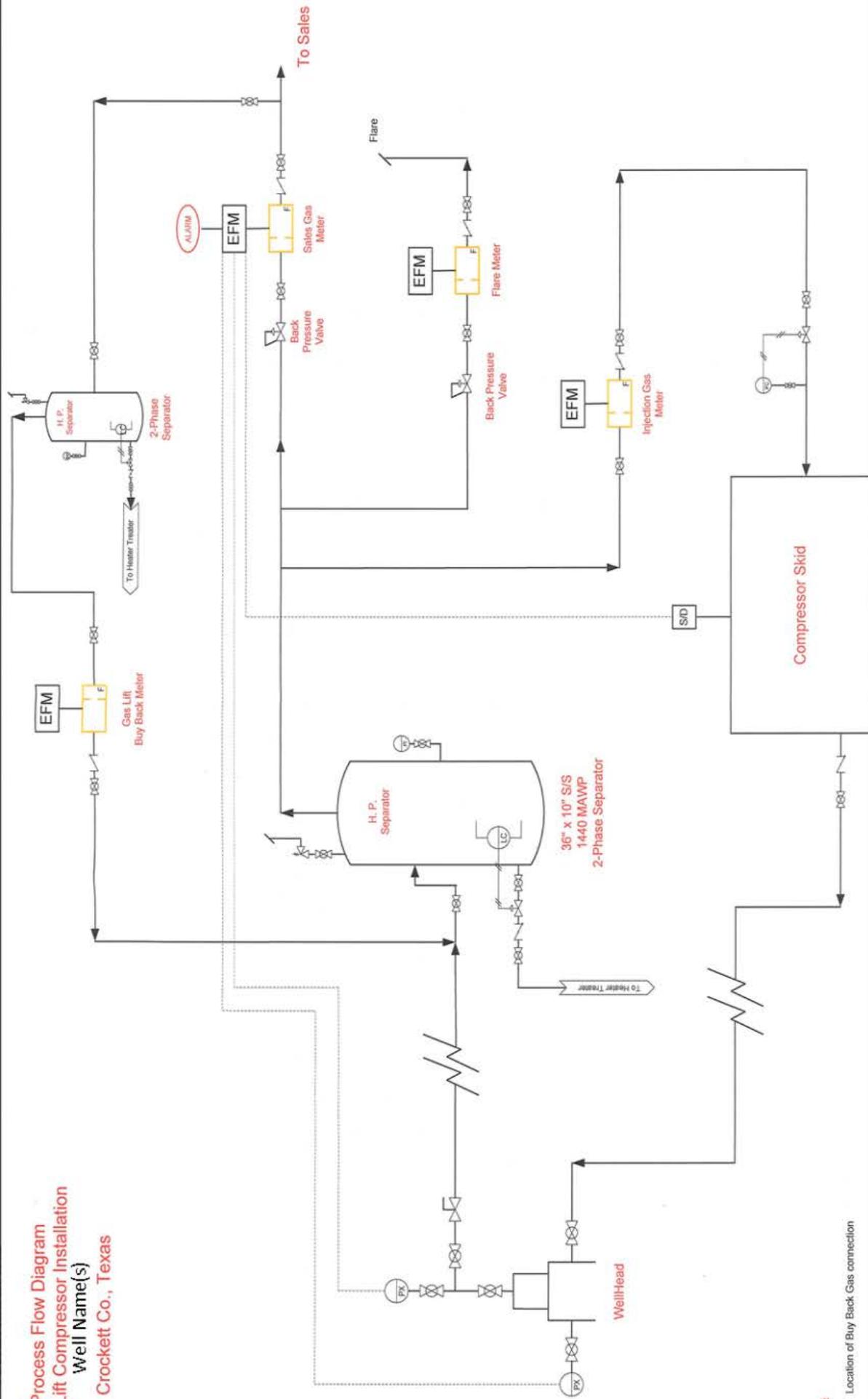
Process Flow Diagram
Gas Lift Compressor

Well Name(s)

Crockett Co., Texas



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



Notes

REV. 1 Location of Buy Back connection