

*will file*

AREA CODE 505  
983-1228

**BCO, Inc.**  
OIL WELL OPERATOR  
AND  
TRUCKING DIVISION  
P. O. BOX 669  
SANTA FE, N. M. 87501

September 28, 1976

Mr. John L. King  
Gas Contract Representative  
Gas Company of New Mexico  
First International Building  
Dallas, Texas 75270

RE: Dunn No. 2 Well  
Section 10 T23N R7W NMPM  
Rio Arriba County, New Mexico

Dear Mr. King:

Your proposal to purchase gas from the above well, dated August 9, 1976 is not acceptable. We feel the following changes would be appropriate:

Pricing: The minimum price to be paid by Gas Company of New Mexico will be the maximum price allowed by the FPC plus adjustments for BTU and taxes. The maximum price being controlled by a favored nations clause, as to other purchases made by Gas Company of New Mexico.

Term: Six (6) months and thereafter until terminated by written notice.

If the above changes are acceptable to you, we would appreciate your preparing a contract for our approval.

For your information, we have recently completed the Gallup formation in this well and it appears that it is going to produce at a rate of about 200 MCF per day. This added to our estimates of 300 MCF per day for the Greenhorn-Dakota formation, will make our combined delivery about 500 MCF per day assuming the oil commission allows us to co-mingle the two zones.

Very truly yours,

*Harry R. Bigbee*

HARRY R. BIGBEE  
President

CC: ~~N.M.O.C.C.~~--1000 Rio Brazos Road Aztec, New Mexico 87410  
U. S. G. S. -- P. O. Box 1809 Durango, Colorado 81301  
N.M. Energy Resources Board-- P. O. Box 2088 Santa Fe, N.M. 87501