

well file

BIGBEE, STEPHENSON, CARPENTER & CROUT

ATTORNEYS AT LAW

BOKUM BUILDING

P. O. BOX 669

SANTA FE, NEW MEXICO 87501

HARRY L. BIGBEE
DONNAN STEPHENSON
RICHARD N. CARPENTER
G. STANLEY CROUT
PAUL D. GERBER
ANDREW M. IVES, JR.
MICHAEL R. COMEAU
LARRY D. MALDEGEN
W. PERRY PEARCE

AREA CODE 505
TELEPHONE 982-4611
ASSOCIATE IN ALBUQUERQUE, NEW MEXICO
QUINCY D. ADAMS

October 12, 1976



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

Re: Dunn No. 2 Well
Plus Two wells - Sec. 2, 23 N., R 7 W.
Rio Arriba County, New Mexico

Dear Mr. King:

I have your letter of October 4, 1976. In view of the difference in the line pressure that must be delivered into the system, we have determined to reject the offer contained in your letter and execute a contract with El Paso Natural Gas.

By sending a copy of this letter to the New Mexico Energy Resources Board we are giving them the notice required by statute of such intention.

For your information, it is this line differential that caused us to request a contract cancelable at will after six months. If this offer would have been accepted we would have intended to execute a contract with you and deliver gas to you until such time that pressure declines would be prejudicial to our ability to deliver quantities and at the cost that can be delivered into the lower pressure El Paso line.

I have made this explanation of our intent in order that New Mexico Energy Resources Board would be fully advised why gas is committed to interstate lines under circumstances where there is no price differential but based upon the difference in the receiving company's line pressure.

BCO Inc.

Harry L. Bigbee
Harry L. Bigbee
Chairman of the Board

HLB:ph

cc: ☒ N.M.O.C.C., Aztec
☒ U.S.G.S., Durango
N.M. Energy Resources Board
Harry R. Bigbee, Pres., BCO