

encl file

GAS COMPANY OF NEW MEXICO

October 4, 1976

Mr. Harry Bigbee
BCO Inc.
P. O. Box 669
Santa Fe, New Mexico 87501

Re: Dunn No. 2 Well
Rio Arriba County, New Mexico

F-10-23N-76

Dear Mr. Bigbee:

In response to your letter dated September 28, 1976, please be advised that we are prepared to amend the pricing section of the contract to provide that the price paid for natural gas under this contract will be \$1.42 per MCF with applicable escalation and adjustments provided in Federal Power Commission Opinion No. 770. This price however is subject to refund and we will therefore provide that any refunds resulting from Federal Power Commission action from time to time under Opinion No. 770 be refunded to us. We will stipulate that the base price of the contract will be 67.6¢ per MCF plus adjustments and that in no event will the price paid for natural gas under the terms of this contract be reduced below this price.

This offer incorporates all of the other terms set forth in our letter dated August 9, 1976 and is contingent upon contracting for a twenty (20) year term as set forth in the above referenced letter. We also reject the proposed favored nation clause in your letter, but will provide for annual price redetermination.

If these changes are acceptable to you please advise us and we will prepare a contract for your approval. If I may be of further service or any other questions need to be answered please feel free to contact me at any time.

Yours very truly,

John L. King

John L. King
Gas Contract Representative

JLK:bwc
cc: N.M.O.C.C. /
U.S.G.S.
N.M. Energy Resources Board

