

MERIDIAN OIL

August 25, 1988

New Mexico Oil Conservation Division
Attention: Alice
1000 Rio Brazos Road
Aztec, NM 87410

RECEIVED
AUG 26 1988
OIL CON. DIV.
DIST. 3

Re: Ojito #1
SW/4 SW/4 Section 16, T26N, R2W
Rio Arriba County, New Mexico

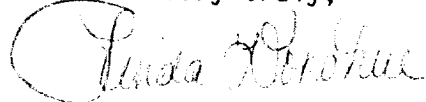
Dear Alice:

Per our telephone conversation, attached is a letter from the Bureau of Land Management regarding the referenced well.

The Bureau of Land Management has approved the Assignment of Operating Rights from Albert J. Blair, Jr., to Southland Royalty Company.

Please let me know at 326-9760 if anything further is required regarding the approval of our C-104 that was submitted.

Yours very truly,



Linda Donohue
Landman

LD/tlm
Enclosure
SRC 020612-T
Doc. 21+



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Caller Service 4104
Farmington, New Mexico 87499

IN REPLY REFER TO:
NM-4447 (WC)
3162.3-2 (016)

MAR 05 1987



CERTIFIED--RETURN RECEIPT REQUESTED
P-253-053-181

Southland Royalty Company
P.O. Box 4289
Farmington, NM 87499

Gentlemen:

Reference is made to well No. 1 Ojito, SW/4SW/4 sec. 16, T. 26 N., R. 2 W., Rio Arriba County, New Mexico, lease NM-4447. The subject well was drilled in 1970 by Lynco Oil Corporation. Lynco was designated as operator by Aztec Oil and Gas (Southland Royalty Company). The well was sold to Dome Petroleum Corporation in 1981, and an assignment of operating rights was approved by our Santa Fe Bureau of Land Management Office from Lynco to Dome. Dome Petroleum Corporation sold its rights to the subject well in 1984 to Texaco, Inc.. During the process to obtain an assignment of operating rights from Dome, our Santa Fe Office discovered they approved the previous assignment from Lynco to Dome in error. Lynco had no rights that could be assigned, therefore, this assignment was rescinded. Texaco, Inc., after finding this out filed a Sundry Notice with this office, it stated, "Texaco has relinquished the title and all of the responsibilities associated with this well back to Dome Petroleum." As stated above Dome has no rights to this well either, due to the rescission of the Lynco to Dome assignment. Lynco Oil Corporation no longer exists. We have contacted the holder of operating rights, Albert J. Blair, Jr., but he has refused to answer our letters. He is not bonded, but the well was drilled under Aztec Oil and Gas Company's (Southland Royalty Company) bond. Therefore, the responsibility of this well transfers down to the current lessee, in this case Southland Royalty Company.

You are required to submit your plans for this well. Failure to submit the above within 30 days of receipt of this letter may result in an assessment for noncompliance pursuant to 43 CFR 3163.3.

RECEIVED

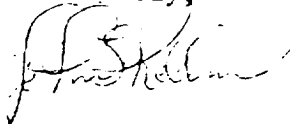
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EST. 3

You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.

If you have any questions contact Stephen Mason with this office at (505) 325-4572.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ron Fellows".

Ron Fellows
FOR Area Manager

cc:

United States Fidelity and Guarantee Co., P.O. Box 1138, Baltimore, MD 21203