

| DATE:   | Jan 30, 1996  |
|---|---|
| TO:   | Frank Chavez  |
| COMPANY:  | NMOCD   |
| TELEFAX #:  | (505) 334-6170  |
| FROM:   | J. E. Gallegos  |
|   | IMPORTANTI  |
| INTENDED SO<br>THE READER<br>OR AGENT RE<br>HEREBY NOTI<br>UNAUTHORIZ<br>HAVE RECEIV<br>IMMEDIATELY | ATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND LELY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYER SPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, YOU ARE FIED THAT ANY DISSEMINATION, DISTRIBUTION, COPYING OR ED USE OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU ED THIS FACSIMILE IN ERROR, PLEASE NOTIFY THE SENDER BY TELEPHONE AND RETURN THE FACSIMILE TO THE SENDER AT THE ESS VIA THE UNITED STATES POSTAL SERVICE. THANK YOU. |
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| NO. OF PAGES  | INCLUDING COVER SHEET: 14   |
| If there is a pro   | oblem with transmission, please call <u>Jolene</u> at (505) 988-4171.   |

### POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO
PO BOX 21178

| PO BOX 21178  | TULSA OK 74121                         |                     |
|---|--|---------------------|
| C-115 Filer Contact Name:                                     | Phone: ( ) FAX:                        |                     |
| POD: 0077310 Product Type: OIL Facility Type: 03              | Location: J 13 29N O8W County SAN JUAN |                     |
| OGRID Name  | OGRID Name                             |                     |
| Authorized Transporter(s): 014546 MERIDIAN OIL INC.           |  |                     |
| Description of POD (40 characters or less):                   |  |                     |
| POD: 0077330 Product Type: GAS Facility Type: 01              | Location: J 13 29N O8W County SAN JUAN |                     |
| OGRID Name  | OGRID Name                             |                     |
| Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY | ANY                                    |                     |
| Description of POD (40 characters or less):                   |  |                     |
| POD: 0077350 Product Type: WATER Facility Type: 05            | Location: J 13 29N 08W County SAN JUAN |                     |
| Description of POD (40 characters or less):                   |  |                     |
|   | WELL COMPLETIONS                       |                     |
| Code Pool Name Code Produc                                    | Producing Property Name  API Well No.  | . No. Location Well |

71599 BASIN DAKOTA (PRORATED GAS)

001201 VANDEWART COM

30-045-25967 J 13 29N 08W 003



VIA TELEFAX (505) 327-7987

January 30, 1996

Giant Exploration & Production Company P.O. Box 2810 Farmington, NM 87499-2810

Attn: Steve K. Smith, Land Manager

RE: Basin Dakota 248 Com 1 Section 24, T25N, R11W

San Juan County, New Mexico

Dear Mr. Smith:

We are in receipt of your letter dated January 25, 1996, received by mail today. Please be advised that Pro New Mexico ("Pro") controls 3 of the quarter-sections in Section 24, T25N, R11W, San Juan County, New Mexico. A map indicating our acreage position is enclosed. Also enclosed for your reference is a copy of our lease on the SE/4 (NO-G-9501-1282). You will note that the lease, which was approved effective January 13, 1995, was recorded in the records of San Juan County on January 26, 1995, at Book 1195, Page 458.

Our engineering and geology indicate to us that the best prospect for a Dakota location is in the NW/4 of Section 24. The technical work has been done, a location selected and an AFE prepared for that well <u>but</u> we believe that present gas prices and pipeline constraints in the San Juan Basin do not economically justify drilling at this time.

With regard to Giant's proposed well, Pro New Mexico has not received any kind of proposed Communitization Agreement, Operating Agreement or AFE from Giant. No geologic, engineering or economics have been provided to justify the proposed well. We believe that Giant is obliged to

| OGRID: 000778 Operator Name: AMOCO PRODUCTION CO              | JCTION CO<br>78    | TULSA                   | OK 74121                     |                 |
|---|--------------------|-------------------------|------------------------------|-----------------|
| C-115 Filer Contact Name:                                     |                    | Phone: ( )              | FAX: ( )                     |                 |
| POD: 0077110 Product Type: OIL Facili                         | Facility Type: 03  | Location: 0 29 31N 12W  | County SAN JUAN              | ,               |
| OGRID Name  |                    | <u>06</u>               | OGRID Name                   |                 |
| Authorized Transporter(s): 014546 MERIDIAN OIL INC.           | OIL INC.           | 1                       |                              |                 |
| Description of POD (40 characters or less):                   |                    |                         |                              |                 |
| POD: 0077130 Product Type: GAS Facili                         | Facility Type: 01  | Location: 0 29 31N 12W  | 0 29 31N 12W County SAN JUAN |                 |
| OGRID Name  |                    | <u>06</u>               | OGRID Name                   |                 |
| Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY | ATURAL GAS COMPA   | YW                      |                              |                 |
| Description of POD (40 characters or less):                   |                    |                         |                              |                 |
| POD: 0077150 Product Type: WATER Facilit                      | Facility Type: 05  | Location: 0 29 31N 12W  | County SAN JUAN              |                 |
| Description of POD (40 characters or less):                   |                    |                         |                              |                 |
|   | £                  | WELL COMPLETIONS        |                              |                 |
| Code Pool Name  | Code Produci       | Producing Property Name | API Well No.                 | Location Well   |
| 72319 BLANCO MESAVERDE (PRORATED GAS)                         | 001060 STANOLIND A | ND A                    | 30-045-25901 0               | 29 31N 12W 001A |

Giant Exploration & Production Co. Page 2 January 30, 1996

# POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO

PO BOX 21178 TULSA OK 74121

POD: 0079310 Product Type: OIL C-115 Filer Contact Name: OGRID Name Facility Type: 03 Location: F 26 29N 11W County SAN JUAN Phone: ( OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

POD: 0079330 Product Type: GAS Description of POD (40 characters or less): Facility Type: 01 Location: F 26 29N 11W County SAN JUAN

OGRID Name OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less):

Description of POD (40 characters or less): POD: 0079350 Product Type: WATER Facility Type: 05 Location: F 26 29N 11W County SAN JUAN

WELL COMPLETIONS

Code Pool Name

72319 BLANCO MESAVERDE (PRORATED GAS)

Code Producing Property Name

000412 DAVIS GAS COM J

API Well No. Location

ation Well

30-045-25329 F 26 29N 11W 001

### **LEASEHOLD OWNERSHIP**

### **SECTION 24**

T25N, R11W, N.M.P.M., San Juan County, New Mexico

PRONEW MEXICO GIANT E & P
Alatta att No. (1247)
(Blaisae + 120)

PRONEW Product

PRONEW MEXICO

Control Number: 000459 POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO PO BOX 21178 ok 74121

POD: 0044230 Product Type: GAS C-115 Filer Contact Name: Facility Type: 01 Location: F 26 29N 11W County SAN JUAN Phone: ( FAX:

OGRID Name OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less): \_

Description of POD (40 characters or less):

Location: F 26 29N 11W County SAN JUAN

POD: 0044250 Product Type: WATER Facility Type: 05

WELL COMPLETIONS

 Code
 Pool Name
 Code
 Producing Property Name

 82329
 OTERO CHACRA (GAS)
 000412
 DAVIS GAS COM J

30-045-25329 F 26 29N 11W 001

API Well No.

Locat ion

Well

Formerly Form 5-154h)
Oct. 1964)

### DEPARTMENT OF THE INTERIOR BUREAU OF INDIAN AFFAIRS

| Allotment of | <b>X</b> erran |
|--------------|----------------|
| Roll No. C   | 1112年代:        |
| Lease No.    |                |
| Contract No  | 1-             |

OIL AND GAS MINING LEASE -- ALLOTTED INDIAN LANDS

| 3 <u>94</u> , by and between | the heirs  |            | sa or Shone Arm | 1,51          | <br>S and |
|------------------------------|------------|------------|-----------------|---------------|-----------|
| Pro New Mexico               | o. Inc.    |            |                 | <del></del> . |           |
| i Santa Fe                   | . State of | New Mexico | , iessee, WITNE | SSETH:        | <b>.</b>  |
|                              |            |            | , lessee, WITNE |               | ·         |

### Township 25 North, Range 11 West Section 24: SE/4

containing 160. Gores more or less, together with the right to construct and maintain thereupon all work buildings, plants, waterways, roads, telegraph and telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment hereof for the term of 5 years from and after the approval hereof by the Secretary of the Interior and as much longer thereafter as oil and/or gas is produced in paying quantities from said land.

- 2. The term "oil and gas supervisor" as employed herein shall refer to such officer or officers as the Secretary of the Interior may designate to supervise oil and gas operations on Indian lands. The term "superintendent" as used herein shall refer to the superintendent or other official in charge of the Indian Agency having jurisdiction over the lands leased. Helium gas, carbon dioxide gas, sulptur gas, and other natural gases are included under the term "gas" as used in this lease.
  - 3 in consideration of the foregoing, the lesses hereby agrees:

(a) Bond.—To lumish such bond as may be required by the regulations of the Secretary of the luterior, with satisfactory surety, or United States bonds as surety therefor, conditioned upon compliance with the terms of this lease.

(i) Wells— (1) To drill and produce all wells increased to affect or protect the leased land from drainage or in lieu time of, to compensate the lease in full each month for the estimated loss of royalty through drainage: Provided, That during the period of supervision by the Secretary the necessity for offset wells shall be determined by the Oil and Gas District Maintager and payment in lieu of drilling and production shall be with the consent of, and in an amount determined by the Secretary; (2) to full and produce with regulations and guidelines of the Secretary Formations above those or below those producing in paying quantities shall be diligently developed if capable of producing in paying quantities. The right to drill and produce such other wells shall be subject to any system of well spacing or production allotments authorized and approved under applicable law or regulations, approved by the Secretary and affecting the field or area in which the leased lands are situated; and (3) to introduce reasonable diligence in the development and operation of the property in accordance with applicable regulations and guidalines.

(c) Rental and royalty.—To pay, beginning with the date of approval of the lease by the Secretary of the Interior is rental of 1. Der acre per annum in advance during the continuance hereof, the rental so paid is not considered as a credit on the royalty for that year, together with a royalty of 16 2/3 percent of the value or amount of all oil, gas, and/or natural gasoline, and/or all other hydrocarbon substances produced and saved from the land leased herein, save and except oil, and/or gas used by the leased for development and operation purposes on said lease, which oil or gas shall be royalty free. During the period of supervision, "value" for the purposes hereof may, in the discretion of the Secretary, be calculated on the basis of the highest price paid or offered (whilether colculated on the basis of short or actual volume) at the time of production for the major portion of the sill of the same granity, and gas, and/or natural gasoline, and/or all other findrocarbon substances produced and sold from the field where the leased lands are situated, and the actual volume of the marketable product less the content of foreign substances as determined by the oil and gas supervisor. The actual amount realized by the leased from the sale of said products may, in the discretion of the secretary, be deemed more evidence of oil conclusive evidence of such value. When paid in value, such royalties shall be due and poyable monthly on the last day of the calendar month following the calendar month is which produced; when royalty on oil produced is taid in kind, such royalty of shall be delivered in tanks provided by the lessor. Provided, That the lessee shall not be required to hold such royalty oil in storage longer than 30 days after the end of the calendar month in which said oil is produced. And provided further. That the lessee shall be in no manner responsible or held liable for loss or destruction of such oil in

| OGRID Name  E 29 32N 11W County SAN JUAN  OGRID Name  OGRID Name  API Well No. Location Well  Name  API Well No. Location Well  API Well No. Location Well | ocation:           | OIL INC : ty Type: ty Type: y Type: ( code 000510 | Authorized Transporter(s): 014546 MERIDIAN OIL INC.  Description of POD (40 characters or less):  POD: 0080830 Product Type: GAS Facility Type: 01 L  OGRID Name  Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY  Description of POD (40 characters or less):  POD: 0080850 Product Type: WATER Facility Type: 05 LC  POD: 0080850 Product Type: WATER Facility Type: 05 LC  Description of POD (40 characters or less):  WELL  Code Pool Name  Code Producing  71599 BASIN DAKOTA (PRORATED GAS) 000510 FIELDS |
|--|--------------------|---|--|
| E 29 32N 11W County SAN JUAN   | Location: E 29 32N | Facility Type: 03                                 | POD: 0080810 Product Type: 01L   |
| OK 74121   | TULSA Phone: (     | AMOCO PRODUCTION CO PO BOX 21178                  | OGRID: 000778 Operator Name:  C-115 Filer Contact Name:  |

REC DOC 19.00 2.00

### POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO

| PO BOX 21178  | TULSA 0K 74121                                     |
|---|--|
| C-115 Filer Contact Name:                                     | Phone: ( ) FAX: ( )                                |
| POD: 0074910 Product Type: OIL Facility Type: 03              | Location: B 27 32N 12W County SAN JUAN             |
| OGRID Name  | OGRID Name   |
| Authorized Transporter(s): 014546 MERIDIAN OIL INC.           |  |
| Description of POD (40 characters or less):                   |  |
|   |  |
| POD: 0074930 Product Type: GAS Facility Type: 01              | Location: B 27 32N 12W County SAN JUAN             |
| OGRID Name  | OGRID Name   |
| Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY | COMPANY  |
| Description of POD (40 characters or less):                   |  |
| POD: 0074950 Product Type: WATER Facility Type: 05            | Location: B 27 32N 12W County SAN JUAN             |
| Description of POD (40 characters or less):                   |  |
|   |  |
|   | WELL COMPLETIONS                                   |
| Code Pool Name Code Pro                                       | Producing Property Name API Well No. Location Well |

71629 BASIN FRUITLAND COAL (GAS)

000878 MOORE D

30-045-28187 B 27 32N 12W 009

storage caused by acts of God. All restal and royalty payments, except as provided in sections 8(x) and 4 (c) shall be made by check or draft drawn on a solvent bank, open for the translation of fundactions of the single of the check or draft is issued the payer designated by the Area Director. It is understood that it remaining the value for royalty purposes of products, such at material genotine, that, are derived from treatment ( ), a reasonable allowance for the cost of manufacture shall be 1 such allowance to be two-thirds of the value of the materials product unless otherwise descriptional by the Southarry of the Insertior on application of the lessee or on his own initiative, and that royalty will be computed on the value of per are eminghed gas, or on the products thereof (such as realistic gas, assural genotics, propute, busine, etc.), whichever is the greater.

- (d) Monthly statements.—To furnish to the oil and gas supervisor monthly statements in detail in such form as may be prescribed by the Secretary of the Interior, showing the amount, quality, and value of all oil, gas, natural gasoline, or other hydrocarbon substances produced and saved during the preceding calendar mouth as a basis upon which to compact, but the target intended, the royalty due the leaser. The leased premises and all wells, producing operations, improvements, machinety, and filtered thereon and continuated therewish and all books and accounts of the leaser shall be open at all times for the imposition of any duty authorized representative of the Secretary of the Interior.
- (c) Log of well.—To keep a log in the form prescribed by the Secretary of the interior of all the wells drilled by the lessee showing the strata and character of the formations passed through by the drill, which log or a copy thereof shall be furnished to the oil and gas supervisor.
- (f) Diligence, prevention of waste.—To exercise reasonable diligence in drilling and operating wells for oil and gas on the lands covered hereby, while such products can be accurate in paying quantities; so carry on all operations hereander in a good and workmanific mann in accordance with approved methods and practice, having due regard for the prevention of waste of oil or gas developed on the land, or the entrance of water through wells drilled by the lessee to the productive sands or oil or gas-bearing strata to the destruction or injury of the oil or gas deposits, the preservation and conservation of the property for future productive operations, and to the health and safety of workmen and employees; to plug security all wells before abundoning the name and to effectually abut off all water from the oil or gas-bearing strata; not to drill any well within 200 feet of any house or bara now on the premises without the lesson's written consent approved by the superintendent; to carry out at the expense of the lessee all reasonable orders and requirements of the oil and gas supervisor relative to prevention of waste, and preservation of the property and the health and safety of workmen; to bury all pipelines crossing dillable lands below plow depth unless other arrangements therefor are made with the superintendent, to pay the lesson all damages to crops, buildings, and other improvements of the lesson occasioned by the lesson occasioned by the lesson becomes of the lesson sectors.
- (g) Regulations.-To abide by and conform to any and all regulations of the Secretary of the Interior now or hereafter in force relative to such leases including 25 CFR 212, 43 CFR 3100 and 30 CFR 200. Provided, That no regulations bereafter approved shall effect a change in rate of royalty or annual restal herein specified without the written consent of the parties to this lease.
- (h) Assignment of lease.—This lease or any interest therein may be assigned or transferred only with the approval of the Secretary of the Interior, or his authorized representative. The assignee must be qualified to hold such lease under existing rules and regulations and shall furnish a satisfactory bond conditioned for the faithful performance of the covernors and conditions thereof. Lease must assign either his entire interest in the lease or legal subdivision thereof, or an undivided interest in the whole lease. Provided, that when an assignment evers only a portion of the lease or covers interest in separate horizons such assignment shall be subject to the approval of the Secretary of the Interior, or his authorized representative. Leases shall not assign this lease or any interest therein by an operating agreement or otherwise nor to tabled any portion of the leased premises before restrictions are removed, carried with the approval of the Secretary of the Interior. If this lease is divided by the assignment of an entire interest in any part of it, each part shall be considered a separate lease under all terms and conditions of the original lease. A fully executed copy of the assignment shall be filed with the Secretary of the Interior within 30 days after the date of execution by all parties. The provisions of this section will not operate to abridge or modify any of the rights of the land or royalty owners under section 9 of this lease.

### 4. The lessor expressly reserves:

- (a) Disposition of surface.—The right to lease, sell, or otherwise dispose of the surface of the lands embraced within this lease under existing law or laws hereiner encode, such disposition to be subject at all times to the right of the lessee herein to the use of so much of said surface as is necessary in the extraction and removal of the oil and gas from the land herein described.
- (b) Use of gas.—The right to use sufficient gas free of charge for all stoves and make lights in the principal dwelling house on said lands by making connection at his own expense with the well or wells thereon, the use of such gas to be at the lessor's risk at all times.
  - (c) Royalty in kind.-The right to elect on 30 days' written notice to take lessor's rupalty in kind.
- 5. Surrender and termination.—The lesses shall have the right at any time during the term hereof to surrender and terminate this lease or any part thereof upon the payment of the sum of twenty dellars (\$20.00) and all retories, noyabies, and other obligations due and psyable to the lessor; and in the every restrictions have not been removed, upon a showing tainfactory on the superimendent that full provision has been made for conservation and protection of the property and the proper abandonment of all wells drilled on the portion of the lesse, or portion being surrendered, is owned in untivided interests by more than one party, then all parties shall join in the application for surrender. If this lesse has been recorded, lesses shall file a recorded release with his application to the superimendent for termination of this lease. Such surrender shall not cutile Lesses to a return of the musted portion of restal paid in lieu of development, nor shall it relieve Lesses and his survives of any obligation and this lease. Such surrender to such surrender, Provided, further, that when there is a partial surrender of any lesse and the accesses to be retained is less than lift acres or there is a surrender of a separate bordine, such surrender thall become effective only with the approval of the superintedent.
- 6. Cancellation and forfeiture.—When, in the opinion of the Secretary of the Interior, there has been a violation of any of the terms and conditions of this leave before restrictions are removed, the Secretary of the Interior shall have the right at any time after 50 days' notice to the lesson, specifying the terms and conditions violated, and after a bearing. If the hance shall no request within 30 days of receipt of notice, to declare this leave not not void, and the lessor shall then be created and authorized to take intending possession of the land. Provided, That after restrictions are removed the lessor shall have and be entitle to any available remedy in law or equity for breach of this contract the lesson.



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BOOK 1195 PAGE 458

SAN JUAN COUNTY, NEW MEXICO

JAN 2 6 1995

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BECA P 101840 PRS \$ 2100

| OGRID: OCO778 Operator Name: AMOCO PRODUCTION CO PO BOX 21178 | DUCTION CO<br>178 | TULSA                                  | OK 74121                      |
|---|-------------------|--|-------------------------------|
| C-115 Filer Contact Name:                                     |                   | Phone: ( )                             | FAX: ( )                      |
| POD: 0074810 Product Type: OIL Facili                         | Facility Type: 03 | Location: N 26 32N 12W County          | County SAN JUAN               |
| OGRID Name  |                   | OGRID Name                             | le le                         |
| Authorized Transporter(s): 074546 MERIDIAN OIL INC.           | OIL INC.          |  |                               |
| Description of POD (40 characters or less):                   | ):                |  |                               |
| POD: 0074830 Product Type: GAS Facili                         | Facility Type: 01 | Location: N 26 32N 12W County SAN JUAN | SAN JUAN                      |
| OGRID Name  |                   | OGRID Name                             | le .                          |
| Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY | NATURAL GAS COMF  | ANY                                    |                               |
| Description of POD (40 characters or less):                   |                   |  |                               |
| POD: 0074850 Product Type: WATER Facili                       | Facility Type: 05 | Location: N 26 32N 12W County SAN JUAN | SAN JUAN                      |
| Description of POD (40 characters or less):                   |                   |  |                               |
|   |                   | WELL COMPLETIONS                       |                               |
| Code Pool Name  | Code Produc       | Producing Property Name                | API Well No. Location Well    |
| 71629 BASIN FRUITLAND COAL (GAS)                              | 000878 MOORE D    | D                                      | 30-045-28086 N 26 32N 12W 008 |

| OGRID: 000778 Operator Name: AMOCO PRODUCTION CO PO BOX 21178 | OUCTION CO        | TULSA                                 | OK 74121                        |
|---|-------------------|---------------------------------------|---------------------------------|
| C-115 Filer Contact Name:                                     |                   | Phone: ( )                            | FAX: ( )                        |
| POD: 0074710 Product Type: OIL Facili                         | Facility Type: 03 | Location: N 24 32N 12W Coun           | County SAN JUAN                 |
| OGRID Name  |                   | <u>ogrid</u> i                        | Name                            |
| Authorized Transporter(s): 014546 MERIDIAN OIL INC.           | OIL INC.          |                                       |                                 |
| Description of POD (40 characters or less):                   |                   |                                       |                                 |
| POD: 0074730 Product Type: GAS Facili                         | Facility Type: 01 | 100stion: N 27 72N 42H County CAN HAN |                                 |
| OGRID Name  |                   | OGRID 1                               | Name                            |
| Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY | NATURAL GAS COMP  | ANY                                   |                                 |
| Description of POD (40 characters or less):                   |                   |                                       |                                 |
| POD: 0074750 Product Type: WATER Facili                       | Facility Type: 05 | Location: N 24 32N 12W Count          | County SAN JUAN                 |
| Description of POD (40 characters or less):                   |                   |                                       |                                 |
|   |                   | WELL COMPLETIONS                      |                                 |
| <u>Code</u> <u>Pool Name</u>                                  | Code Produc       | Producing Property Name               | API Well No. Location Well      |
| 71629 BASIN FRUITLAND COAL (GAS)                              | 000878 MOORE D    | D                                     | √ 30-045-28240 N 24 32N 12W 007 |

- A. Removal of busings, improvements, and equipment,—Lessee shall be the owner of and shall have the right to remove from the leased premises, within 90 days after termination of this lease, and all buildings, structures, casing, material, and equipment placed thereon for the purpose of development and operation hereutules, save a saccept casing in wells and other material, equipment and structures necessary for the continued operation of wells producing or capable of being produced in paying quantities as determined by the Secretary of the interior, on said leased land at that time of surrender of this lease or termination thereof; and except as otherwise provided herein, all casing in wells, material, structures, and equipment shall be and become the property of the lessor.
- 8. Relinquishment of supervision by the Secretary of the Interior.—Should the Secretary of the Interior, at any time during the life of this instrument, refinquish supervision as to all or part of the acreage covered hereby, such relinquishment shall not bind lessee until said Secretary shall have given 30 days' written notice. Until said requirements are fulfilled, lessee shall continue to make all payments due hereunder as provided in section 3(c). After notice of relinquishment has been received by lessee, as herein provided, this lease shall be subject to the following further conditions:
- (a) All rentals and royalties thereafter accruing shall be paid in the following manner: Rentals and Royalties shall be paid directly to lessor or his successors in tide, or to a trustee appointed under the provisions of section 9 hereof.
- (b) If, at the time supervision is relinquished by the Secretary of the Interior, lesses shall have made all payments then due hereunder, and shall have fully performed all obligations on its part to be performed up to the time of such relinquishment, then the bond given to secure the performance hereof, on file in the Indian Office, shall be of no further force or effect.
- (c) Should such relinquishment affect only part of the acreage, then lessee may continue to drill and operate the land covered hereby as an entiraty: Provided, That lessee shall pay in the manner prescribed by section 3(c), for the benefit of lessor such proportion of all rentals and royalties due hereunder as the acreage retained under the supervision of the Secretary of the Interior bears to the entire acreage of the lease, the remainder of such rentals and royalties to be paid directly to lessor or his successors in title or said trustees as the case may be, as provided in subdivision (a) of this section.
- 9. Division of fee.—It is coveranted and agreed that should the fee of said land now or hereafter be divided into separate parcels, held by different owners, or should the rental or royalty interests hereunder be so divided in ownership, the obligations of lessee hereunder shall not be added to or changed in any manner whatsoever save as specifically provided by the terms of this lease. Notwithstanding such separate ownership, lessee may continue to drill and operate said premises as an entirety: Provided, That each separate owner shall receive such proportion of all rentals and royalties accruing after the vesting of his title as the acreage of the fee, or rental or royalty interest, bears to the entire acreage covered by the lease; or to the entire rental and royalty interest as the case may be: Provided further, That if, at any time after departmental supervision hereof is relinquished, in wholed or in part, there shall be four or more parties entitled to rentals or royalties hereunder, whether said parties are so entitled by virtue of undivided interests or by virtue of ownership of separate parcels of the land covered hereby, lessee, at his election may withhold the payment of further rentals or royalties (except as to the portion due the Indian lessor while under restriction), until all of said parties shall agree upon and designate in writing and in a receive all payments due hereunder on behalf of said parties shall due respective successors in side. Fayments to said trustee shall constitute lawful payments hereunder, and the sole risk of an improver or unlawful distribution of said funds by said trustee shall rest upon the parties naming said trustee and their respective successors in tide.
- 10. Drilling and producing rectrictions. It is covarianted and agreed that the Secretary of the Interior may impose restrictions as to time or times for the drilling of wells and as to the production from any well or wells drilled when in his judgment such action may be necessary or proper for the protection of the natural resources of the leased land and the interests of the Indian lessor, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State laws, or regulations by competent Federal or State authorities or lawful agreements among operators regulating either drilling or production, or both.
- 11. Unit operation.—The parties hereto agree to subscribe to and abide by any agreement for the cooperative or unit development of the field or area, affecting the leased lands, or any pool thereof, if and when collectively adopted by a majority operating interest therein and approved by the Secretary of the Interior, during the period of supervision.
- 12. Conservation.—The lessee in consideration of the rights herein granted agrees to abide by the provisions of any act of Congress, or any order or regulation prescribed pursuant thereto, relating to the conservation, production, or marketing of oil, gas, or other hydrocarbon substances.
- 13. Conflict of Interests—No lease, assignment thereof, or interest therein will be approved to any employee of the United States Government to acquire any interest in any mineral lease covering restricted Indian lands by ownership of stock in corporations having such leases or in any other manner.
- 14. Heirs and successors in interest.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.
  - 15. Special Provisions. See attached Exhibit A.

## POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: OOO778 Operator Name: AMOCO PRODUCTION CO
PO BOX 21178

| FO BOX 21170   | ō                 | IULSA                                     | ok 74121                      |   |
|--|-------------------|---|-------------------------------|---|
| C-115 Filer Contact Name:                                  |                   | Phone: ( )                                | FAX: ( )                      |   |
| POD: 0074630 Product Type: GAS Facili                      | Facility Type: 01 | 01 Location: M 01 30N 09W County SAN JUAN | SAN JUAN                      | - |
| OGRID Name   |                   | OGRID Na                                  | Name                          |   |
| Authorized Transporter(s): 016191 NORTHWEST PIPELINE CORP. | T PIPELIN         | E CORP.                                   |                               | 1 |
| Description of POD (40 characters or less):                | Ï                 |   |                               |   |
| POD: 0074650 Product Type: WATER Facility Type: 05         | ty Type:          | D5 Location: M 01 30N 09W County SAN JUAN | SAN JUAN                      |   |
| Description of POD (40 characters or less):                |                   |   |                               |   |
|  |                   | WELL COMPLETIONS                          |                               |   |
| Code Pool Name   | Code              | Producing Property Name                   | / API Well No. Location Well  |   |
| 71629 BASIN FRUITLAND COAL (GAS)                           | 000959            | 000959 PRITCHARD                          | 30-045-28357 M 01 30N 09W 011 |   |

| N WITNESS WHEREOF, the said parties have h veunto subscri | ibed their names and affixed their sealons the day and year first above men                     |
|---|---|
| Two witnesses to execution by each lessor:                | • /   |
|   | ISEAL   |
| ).  | (LESSOR)  |
|   |   |
| ).  | (LESSOR)  |
|   | (LESSOR) (SEAL  |
| 0   | (CESSON)  |
|   | ISEAL   |
| D   | ILESSON   |
|   | (LESSOR) (SEAL  |
|   | (LCSSUM)  |
| SS.   |   |
| UNTY OF   | •   |
| Before me, a notary public, on this day                   | of, 19, personally appeared, lessor(s), to me known to be the identical person who executed the |
| commission expiresP                                       | ro New Mexico, Inc.   |
| Two witnesses to assession by lessee:                     | John Duba   |
| OJ HI E. RUACE AND SAIDIN FE N.M. 87501 By                | its Secretaryssee   |
| Lice RODICERO   |   |
| od938 Sindance St. Santa Fe ATTEST                        |   |
| WETEROS NETEROS   |   |
| ATENHUM MEXICO  | ·   |
| funy of Santa Te  |   |
|   | yor December 19 94 personally appeared Jolene D   |
| dioregoing tease, and acknowledged to me that BNE e       | executed the same as NET free and voluntary act and deed for                                    |
| Pringoses set forth &                                     | Cond-Cillon   |
| Complesion expires  | (Notary Public)   |
|   |   |
| •   | DEPARTMENT OF THE INTERIOR BUREAU OF INDIAN AFFAIRS   |
| PPROVED: Pursuant to Secretarial Redelegation             | January 13 . 199.   |
| Order 209 DM B, Secretary's Order No. 3150, as amended,   | <i>(</i>  |
| and 10 BIAM Bulletin 13,                                  | Stania Och  |
| er v con e light i tul den i                              | ACTING ASSISTANT AREA DIRECTOR  |

## POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO

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### 15. La SPECIAL PROVISIONS: SOLAR DE COMPANION DE LA PRINCIPIO DEL PRINCIPIO DEL PRINCIPIO DE LA PRINCIPIO DEL PRINCIPIO DELIPO DEL PRINCIPIO DEL PRINCIPIO DEL PRINCIPIO DEL PRINCIPIO DELIP

### 

### 4) (1) with PROTECTION OF PROPERTY with the contract of the co

CONTRACTOR CONTRACTOR

graph white cuts of the control of t

LANGE THE STATE OF THE STATE OF

The Lessee agrees to conduct all operations authorized by this Lease with due regard for proper land management; to avoid unnecessary damage to vegetation, timber, crops or other cover, and to improvements (such as roads, bridges, cattleguards, telephone lines, etc.); to control soil erosion resulting from the operation, to prevent pollution of soil and water resources; and, whenever required by the Area Director, to fence all sump holes or other excavation made by lessee.

and the control of the second and the second of the control of the second of the secon

### (2) REIMBURSEMENT FOR DAMAGE

The Lessee agrees to pay the lessor or his tenant, as the case may be, for any and all damage to, or destruction of, property caused by the lessee's operation hereunder, to save and hold the lessor hamless from all damage or claims for damage to persons or property resulting from the lessee's operations under this lease; to hold lessor, the leased land and all materials, tools, machinery, appliances, structures, improvements, and equipment of whatsoever kind or nature, hamless from all claims or liens of third parties by reason of any act of commission or omission on the part of the lessee; and where the surface of the leased land is owned by other than the lessor, to pay such owner, or his tenant, as the case may be, for damage or injury to livestock, crops, trees, pipelines, buildings and other improvements on the leased land.

### B. SPECIAL CONDITIONS:

### (1) Water Wells

If so stipulated by the Area Director, or his authorized representative, the lessee shall condition any well drilled which does not produce oil and/or gas in paying quantities (as determined by the BLM District Manager) but is capable of producing water which is satisfactory for domestic and agriculture use by the lessor or for use by the livestock of the lessor.

### (2) Penalty for Late Payments

Notwithstanding the provisions of sub-paragraph 3(c) rental payment due under the lease agreement left unpaid as of the due date shall be subject to a late payment penalty of fifteen (15) percent, from the date it became due and each year thereafter until paid and such payment shall not provide an exclusion from any default provision of the lease.

### (3) Surrender and Termination

As further clarification of the Surrender and Termination provisions of this lease, the lease remains in full force and effect for the full term of five (5) years from the date of approval by the Secretary of the Interior or his authorized representative, unless extended by production in paying quantities, or the Lessee files in writing with the Area Director, Navajo Area Office, a request to release all or part of the lease in accordance with 25 CFR 212.23. Furthermore, request for surrender must be filed timely and in writing with all rentals and other obligations being paid and current. Otherwise the lessee may be subject to the penalty provisions of 25 CFR 212.22. The lease does not provide for autômatic surrender upon non-payment of rental.

### (4) Surveyed Tracts

On surveyed tracts, adjustment will be made of the bonus or annual rental hecause of a difference that may be found in the acreage stated in this lease.

### POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

71629 BASIN FRUITLAND COAL (GAS) Description of POD (40 characters or less): POD: 0075150 Product Type: WATER Facility Type: 05 Description of POD (40 characters or less): POD: 0075130 Product Type: GAS Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY Description of POD (40 characters or less): Authorized Transporter(s): 014546 MERIDIAN OIL INC. C-115 Filer Contact Name: OGRID: 000778 Operator Name: AMOCO PRODUCTION CO 0075110 Product Type: OIL Pool Name OGRID OGRID PO BOX 21178 Name Name Facility Type: 03 Facility Type: 01 000921 NEIL A Code Producing Property Name WELL COMPLETIONS Location: L 33 32N 11W County SAN JUAN Location: L 33 32N 11W County SAN JUAN Location: L 33 32N 11W County SAN JUAN TULSA Phone: OGRID Name OGRID Name OK 74121 30-045-27519 L 33 32N 11W 001 API Well No. FAX: Location Well

Code

### POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION COPO BOX 21178

| 10 BOX 51110   | 6                         | OK  | OK 74121                  |              |      |
|--|---------------------------|---|---------------------------|--------------|------|
| :-115 Filer Contact Name:                            |                           | Phone: ()                                 | _ FAX: ()                 |              | I    |
| OD: 0075630 Product Type: GAS Facili                 | Facility Type: 01         | 01 Location: K 14 30N 08H County SAN JUAN | UAN                       |              | 1    |
| OGRID Name   |                           | OGRID Name                                |                           |              |      |
| uthorized Transporter(s): 000756 AMOCO PRODUCTION CO | ODUCTION                  | 00  |                           |              |      |
| escription of POD (40 characters or less):           |                           |   |                           |              |      |
| OD: 0075650 Product Type: WATER Facility Type: 05    | ty Type:                  | 05 Location: K 14 30N 08W County SAN JUAN | JAN                       |              |      |
| escription of POD (40 characters or less):           |                           |   |                           |              |      |
|  | <br>   <br>   <br>   <br> | WELL COMPLETIONS                          |                           |              |      |
| Code Pool Name                                       | Code                      | Producing Property Name                   | API Well No.              | Location     | Well |
| 1629 BASIN FRUITLAND COAL (GAS)                      | 000542                    | 000542 FLORANCE I                         | 30-045-27531 K 14 30N 08W | K 14 30N 08W | 003  |

On unsurveyed tract: the acreage stated herein is for the sale process of computing the annual rental. If a survey of the land is made acceptable to the Area Director, thereafter, the rental shall be computed on the acreage as shown by the survey. No refund or additional payment or post rental shall be required to be made because of the difference in the accent stated and that shown by the survey. Neither shall such difference be grounds for any adjustment of the honus. Prior to the nonmencement of the drilling of a well the leaves shall have the leaved premises surveyed by a registered land surveyor, boundaries posted with substantial monuments, and tie established with the nearest United States Public Land Survey. Cartified copies of the survey plats must be filled in duplicate with the Area-Birector, and one copy with the BLM District Manager. Failure to comply with this provision shall render the lease subject to cancellation in the discretion of the Area Director. Permission to drill will not be granted by the BLM District Manager without prior compliance with 43 CFR 3164.1.

### (6) Forest Protection

### The Lessee agrees:

- (a) To submit in advance to the Area Director for approval, a site development and layout plan, construction plan and any revisions thereto.
- (b) Not to cut, destroy or damage timber without prior authorization of the Area Director, such authorization to be made only where required to pursue necessary mining operations.
- (c) To pay for all such timber cut, destroyed or damaged at rates prescribed by the Area Director, such rates to be determined on the basis of sales of similar timber in the vicinity.
- (d) Not to interfere with the sale or remarks of time from the boul contractors operating under an approved timber sales contract now in effect or which may be entered into during the period of this lease.

### (7) Compliance with the Surface and Environmental Protection provisions of the National Environmental Policy Act (NEPA of 1969)

- (a) Notwithstanding any provisions of this lease to the contrary, any drilling, construction or other operations conducted by the lessee on the leased land, that will disturb the surface thereof or otherwise affect the environment [hereinafter called "surface disturbing operation") shall be subject to the prior approval by the BLM Oil and Gas District Manager with consultation of the appropriate Surface Management Agency and with reasonable conditions as may be required to protect the surface and environment of the leased land.
- Prior to entry upon the leased land or the disturbance of the surface thereof, the lessee shall submit a development plan for surface use and a full Environmental Assessment for the entire leased area to the BLM District Manager, 1235 La Plata Highway, Farmington, New Mexico 87401 and the Area Director, BIA, will require two (2) copies of each of these documents. An Analysis will be made on the plan by both the BLM and BIA for the purpose of insuring that the surface, natural resources, the environment and existing improvements are properly protected and timely reclamation of disturbed areas are done within the leased land.
- (c) Upon completion of said analysis, the BLM Oil and Gas District Manager shall notify the lessee of the stipulations and the conditions that the proposed surface disturbance operations will be subjected to.

# POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO
PO BOX 21178

C-115 Filer Contact Name: PO BOX 21178 TULSA Phone: ( OK 74121 FAX:

POD: 0076630 Product Type: GAS Facility Type: 01 Location: H 18 31N 11W County SAN JUAN

OGRID Name
OGRID Name
sporter(s): 007057 EL PASO NATURAL GAS COMPANY

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less):

Description of POD (40 characters or less): POD: 0076650 Product Type: WATER Facility Type: 05 Location: H 18 31N 11W County SAN JUAN

WELL COMPLETIONS

Code Producing Property Name

000362 CASE B

71629 BASIN FRUITLAND COAL (GAS)

Code

Pool Name

30-045-27777 H 18 31N 11W 021

API Well No. Location Well

### SIGNATURE SHEET

| To Be Attached To And Become A Part Of Form 5-159  | Contract No. 011245  |
|--|--|
| Two Witnesses to Execution by Lesson:  | Lessor:  |
| P. O. Box 1208, Bloomyield, NM 87413  Ravene Yould  P. O. 201 airport Duty Farrington, NM 87401  | Mr. Teddy H. Victor Census No. 11,402 P.O. Box 1437 Address Shiprock, NM 87420 |
| ACKNOWLEDGEMENT OF LESSO   | R  |
| Before me, a notary public, on this December 19 94 person who executed the within and foregoing least acknowledged to me that he executed the stree and waluntary act and deed for the used and set forth.  OFFICIAL SEAL JUAN E BETON! NOTARY FURLIC STATE OF NEW MEXICO My Commission Expires 2-12-96  My commission expires:  Two Witnesses to Execution by Lessor: | e, and<br>ame as his   |
| Two withesses to execution by Lesson:  | LESSOR:  |
| P. O   |  |
|  | Census No.   |
| P. O   | Address  |
| ACKNOWLEDGEMENT OF LESSO   | R  |
| Before me, a notary public, on this, 19, person who executed the within and foregoing lease acknowledged to me that executed the safree and voluntary act and deed for the used and set forth.   | onally appeared<br>e the identical<br>e, and<br>ame as                         |
|  | Notary Public  |
| My commission expires:   | <del>-</del><br>   |
| 9501155 B-1195 P-458 01/26/95 09:12A PG 7 O  | F 8  |

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

OGRID: 000778 Operator Name: AMOCO PRODUCTION CO Po Box 21178

FAX: Phone: C-115 Filer Contact Name:

TULSA

OK 74121

Location: B 05 31N 11W County SAN JUAN OGRID Name Facility Type: 03 Name OGRID POD: 0076410 Product Type: 01L

Authorized Transporter(s): 014546 MERIDIAN OIL INC. Description of POD (40 characters or less):

Location: B 05 31N 11W County SAN JUAN OGRID Name POD: 0076430 Product Type: GAS Facility Type: 01 OGRID Name

Authorized Transporter(s): 007057 EL PASO NATURAL GAS COMPANY

Description of POD (40 characters or less):

Location: B 05 31N 11W County SAN JUAN POD: 0076450 Product Type: WATER Facility Type: 05

Description of POD (40 characters or less):

WELL COMPLETIONS

71629 BASIN FRUITLAND COAL (GAS)

Code Pool Name

000362 CASE B

Producing Property Name

Code

Well J 30-045-27813 B 05 31N 11W 019 Location API Well No.

9501155 B-1195 P-458 01/26/95 09:12A PG 8 OF 8

5-5429 Nov. 1938

### UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF INDIAN AFFAIRS

### EVIDENCE OF AUTHORITY OF OFFICERS TO EXECUTE PAPERS

(To be sworn to by secretary or president of a corporation and sealed with its seal)

| I solemnly swear thatJolene Dicks                              | p + + + + + + + + + + + + + + + + + + + | <b>*</b> 336        |
|--|---|---------------------|
|  | was                                     |                     |
| of December , 1994, the duly elected, qual                     | ified, and acting XX as                 | ideokxandxsecretary |
|  |   | 5                   |
| a corporation organized under the laws of <u>New Mexi</u>      | CO                                      | on which day the    |
| executed an oil and gas mining * lease                         |   |                     |
| poration, covering certain Trust or Restricted Indian lands or | the Navajo                              |                     |
| Reservation, in the State of New Mexico ; tha                  | t tääyäää fully empo                    | wered to execute sa |
| instrument and all papers in connection therewith, and that    | uer.                                    |                     |
| said corporation to full performance of all obligations thereu | 22 Bal                                  | lleg                |
| [CORPORATE SEAL]   | President (Title)                       | <u> </u>            |
| This 30th day of December                                      | , 19 <u>9/</u> 4                        |                     |
| Subscribed and sworn to before me this 30th day                | of December                             | 19.94               |
| [SEAL]   | Notary Public                           | <u> </u>            |
| My commission expires:   | (Title)                                 |                     |

• Indicate whether lease, bond, or sasignment.

|  | •                 | STOCKTON AND WELL COMPLETION INFORMALION  |                                  |            |        |
|--|-------------------|---|----------------------------------|------------|--------|
| OGRID: 000778 Operator Name: AMOCO PRODUCTION CO   | CTION CO          | TULSA                                     | OK 74121                         |            |        |
| C-115 Filer Contact Name:  |                   | Phone: ( )                                | FAX: ()                          |            | l      |
| POD: 0082530 Product Type: GAS Facilit   | Facility Type: 01 | אר Location: L 25 30N 08W County SAN JUAN | JUAN                             |            |        |
| OGRID Name   |                   | OGRID Name                                |                                  |            |        |
| Authorized Transporter(s): 000756 AMOCO PRODUCTION CO  | DUCTION           | .0  |                                  |            |        |
| Description of POD (40 characters or less):  |                   |   |                                  |            |        |
|  |                   |   |                                  |            |        |
| POD: 0082550 Product Type: WATER Facility Type: 05 Description of POD (40 characters or less): | / Type: (         | 5 Location: L 25 30N 08W County SAN JUAN  | JUAN                             |            | i<br>! |
|  |                   |   |                                  |            |        |
|  |                   | WELL COMPLETIONS                          |                                  |            | -      |
| Code Pool Name   | Code              | Producing Property Name                   | API Well No.                     | Location   | Well   |
| 71629 BASIN FRUITLAND COAL (GAS)   | 000544            | FLORANCE K                                | /<br>_ 30-045-27013 L 25 30N 08W | 25 30N 08W | 003    |

January 25, 1995

Mr. J. E. Gallegos

Pro New Mexico Inc.

ERE C E HALL



FRODUCTION COMPANY

2200 Bloomfield Highway Post Office Box 2810 Farmington, New Mexico 87499-2810

505 326-3325 FAX 505 327-7987

Subject: Basin Dakota 24B Com. #1 Well

460 St. Michael's Drive, Suite 402

Santa Fe, New Mexico 87505

850' FNL, 1,700' FEL, T25N-R11W, NMPM Section 24: E/2

San Juan County, New Mexico

Dear Mr. Gallegos:

This letter is in response to your letter dated January 24, 1996, received by fax yesterday. Enclosed is an "Abstract of Bids" with the results of the October 19, 1994, Bureau of Indian Affairs (BIA) Allotted Lands sale no. 119. After reviewing this Abstract of Bids some time ago we concluded that the BIA rejected your bid on Tract 28 of the sale and that the tract must be unleased. But, to make absolutely certain, on October 3, 1995, we telephoned the BIA and spoke to Ms. Bertha Spencer. Ms. Spencer told us that there was no lease covering the SE/4 at the present time. As I am sure you are aware, obtaining access to certain information from the BIA is difficult, therefore, gatting this information by phone seemed more than adequate at the time. Today, by phone, the BIA informed us that Pro New Mexico acquired this lease in the October 19, 1994 BIA Allotted Lands sale no. 119. Also, subsequent to obtaining this iniquitous information from the BIA, I called Mr. Frank Chavez and had a conversation concerning the State's approval of APDs when there are pooled, non-leased BIA minerals involved. All of the above should indicate that Giant was proceeding with good intentions and was not in any way trying to "intentionally misrepresent" our ownership.

In reference to your request that the BLM revoke our Permit, Giant will file the proper amendments, as provided for in Rule 1102 of the New Mexico Oil Conservation Division, to our approved Permit as soon as the necessary information is provided to us.

Giant as always, would be interested in discussing any concerns or ideas you might have. We believe that this is an unfortunate incident, however, based upon the best information we had at the time, Giant acted in a prodent and appropriate manner.

If you should have any questions please call me at 505-326-3325 or write to me at the letterhead address.

Very truly yours.

Land Manager

SKS/spc

enclosures

c: William LeMay, NMOCD Frank Chavez, NMOCD Ken Townsend, BLM Duane Snencer BLM

| 71629 BASIN FRUITLAND COAL (GAS) 000533 FL                            | Code Pool Name                                |                  | Description of POD (40 characters or less): | POD: 0084450 Product Type: WATER Facility Type: 05 | Description of POD (40 characters or less): | Authorized Transporter(s): 000756 AMOCO PRODUCTION CO | OGRID Name | POD: 0084430 Product Type: GAS Facility Type: 01 | C-115 Filer Contact Name: | OGRID: 000778 Operator Name: AMOCO PRODUCTION CO<br>PO BOX 21178 |
|---|---|------------------|---|--|---|---|------------|--|---------------------------|--|
| 000533 FLORANCE GAS COM E-3 \(\sigma \) 30-045-27686 M 13 30N 09W 003 | Producing Property Name API Well No. Location | WELL COMPLETIONS |   | Location: M 13 30N 09W County SAN JUAN             |   |   | OGRID Name | Location: M 13 30N 09W County SAN JUAN           | Phone: ( ) FAX: ( )       | TULSA OK 74121   |
| 303   | Well  |                  |   |  |   |   |            |  | •                         |  |

ABSTRACT OF BIDS
ALLOTTED LANDS
OIL AND GAS LEASE SALE NO. 119
2:00 P.M., OCTOBER 19, 1994

| 1 | TRACT NO.     | ALLOTMENT<br>NUMBER | BID PER<br>ACRE(\$) | ACRES  | BONUS<br>TOTAL(\$) | BIDDER'S NAME           | BID<br>ACCEPTED/<br>REJECTED |
|---|---------------|---------------------|---------------------|--------|--------------------|-------------------------|------------------------------|
|   | н             | 011740              | 2.00                | 160.00 | 320.00             | Yates Petroleum Corp.   | REJECTED                     |
|   | 26            | 059714              | 2.00                | 160.00 | 320.00             | Pro New Mexico, Inc.    | REJECTED                     |
|   | 27            | 011242              | 2.00                | 160.00 | 320.00             | Pro New Mexico, Inc.    | REJECTED                     |
|   | 2 <b>5</b>    | 011245              | 2.00                | 160.00 | 320.00             | Pro New Mexico, Inc.    | REJECTED                     |
|   | g,<br>20      | C11248              | 2.00                | 160.00 | 320.00             | Pro New Mexico, Inc.    | REJECTED                     |
|   | <u>က</u><br>ဗ | 062290              | 60.00               | 160.00 | 9,600.00           | Pro New Mexico, Inc.    | ACCEPTED                     |
|   | 31            | 052589              | 66.00               | 160.00 | 10,560.00          | Pro New Mexico, Inc.    | ACCEPTED                     |
|   | 32            | 611621              | 3.00                | 160.00 | 480.00             | Redwolf Production Inc. | REJECTED                     |
|   | 38            | 059728              | 20.00               | 160.00 | 3,200.00           | Pro New Mexico, Inc.    | REJECTED                     |
|   | <del>ნ</del>  | 011525              | 14.00               | 159.19 | 2,228.66           | Pro New Mexico, Inc.    | REJECTED                     |
|   | 40            | 059729              | 20.00               | 159.13 | 3,182.60           | Pro New Mexico, Inc.    | REJECTED                     |
|   | 4.            | 059727              | 17.00               | 160.00 | 2,720.00           | Pro New Mexico, Inc.    | REJECTED                     |
|   | 46            | 002110              | 17.00               | 160.00 | 2,720.00           | Pro New Mexico, Inc.    | REJECTED                     |
|   | 48            | 011704              | 35.00               | 160.00 | 5,600.00           | Pro New Mexico, Inc.    | ACCEPTED                     |
|   | 49            | 011706              | 35.00               | 160.00 | 5,600.00           | Pro New Mexico, Inc.    | ACCEPTED                     |
|   | 20            | 011516              | 2.00                | 150.00 | 320.00             | Pro New Mexico, Inc.    | REJECTED                     |
|   | 51            | 011211              | 20.00               | 150.00 | 3,200.00           | Pro New Mexico, Inc.    | REJECTED                     |
|   |               |                     |                     |        |                    |                         |                              |

|              | OGRID:              |
|--------------|---------------------|
|              | 000778              |
|              | Operator Name:      |
|              | Name:               |
| PO BOX 21178 | AMOCO PRODUCTION CO |
| TULSA        |                     |
| 읒            |                     |
| 74121        |                     |

| PO BOX 21178<br>C-115 Filer Contact Name:             | 21178             | TULSA  Phone: ( )                      | 0K 74121                        |
|---|-------------------|--|---------------------------------|
| O087810 Broduct T.                                    |                   |  | ! :                             |
| row. Occasio Froduct Type: OIL Fac                    | Facility Type: 03 | Location: H 06 30M 09W County SAN JUAN | unty SAN JUAN                   |
| OGRID Name  |                   | OGRID                                  | Naze                            |
| Authorized Transporter(s): 014546 MERIDIAN OIL INC.   | IAN OIL INC.      |  |                                 |
| Description of POD (40 characters or less):           | ss):              |  |                                 |
|   |                   |  |                                 |
| POD: 0084830 Product Type: GAS Fac                    | Facility Type: 01 | Location: H 06 30N 09W Cou             | County SAN JUAN                 |
| OGRID Name  |                   | <u>OGRID</u>                           | None                            |
| Authorized Transporter(s): 000756 AMOCO PRODUCTION CO | PRODUCTION CO     |  |                                 |
| Description of POD (40 characters or less):           | );):              |  |                                 |
| POD: 0084850 Product Type: WATER Faci                 | Facility Type: 05 | Location: H 06 30N 09W County SAN JUAN | TY SAN JUAN                     |
| Description of POD (40 characters or less):           | s):               |  |                                 |
|   |                   |  |                                 |
|   |                   | WELL COMPLETIONS                       |                                 |
| Code Pool Name  | Code Prod         | Producing Property Name                | API Well No. Location Well      |
| 71629 BASIN FRUITLAND COAL (GAS)                      | 000537 FLOR       | FLORANCE GAS COM J                     | √ 30-045-27787 H 06 30N 09W 003 |