

Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82601
Phone 307 265 7331



February 25, 1980

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
1000 Rtl Brazos Road
Aztec, New Mexico 87410

Attn: Mr. Frank Chavez

Re: Gallegos Canyon Unit Number 2
K - 35 - 29N - 12W

Dear Frank:

We are in receipt of your letter dated February 21, 1980, concerning the operator of the above referenced well.

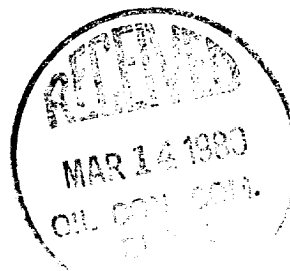
I checked with our land department and they assured me that Energy Reserves Group has no interest in this well. We have forwarded a copy of your letter to Amoco as they may have knowledge as to whom the operator may be.

Sorry we can't be of more assistance.

Very truly yours,
ENERGY RESERVES GROUP, INC.

William J. Fiant
Field Services Administrator

WJF/bac



Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82601
Phone 307 265 7331



February 25, 1980

Amoco Production Company
502 Airport Road
Farmington, New Mexico 87401

Re: Gallegos Canyon Unit Number 2
K-35-T29N-R12W

Gentlemen:

We recieved the attached letter from the New Mexico Oil Conservation Division. We have no information regarding this well and thought possibly you may have knowledge as to whom the operator may be.

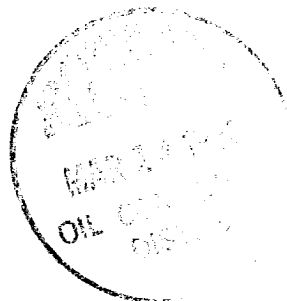
Sincerely,

ENERGY RESERVES GROUP, INC.

William J. Fiant
Field Services Administrator

WJF/bac

Enclosure





Amoco Production Company

Petroleum Center Building
501 Airport Drive
Farmington, New Mexico 87401
505-325-8841

R. W. Schroeder
District Superintendent

June 10, 1980

Mr. Frank Chavez
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

File: RAD-91-416

Mr. Chavez:

Amoco's Working, Royalty Interest in the Gallegos Canyon Unit Well No. 2

Pursuant to our conversation of this date, Amoco hereby notifies your office that we no longer have a working interest or royalty interest in the Gallegos Canyon Unit Well No. 2. Our interest in the subject well was sold to Clinton Oil Company in December 1969.

Yours very truly,

R. W. Schroeder
[Signature]

RAD/tb



COONEY & TULLY
ATTORNEYS AT LAW
811 WEST APACHE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268
505-327-3388

RICHARD T. C. TULLY, P.A.
RICHARD T. C. TULLY

JAMES B. COONEY, P.A.
JAMES B. COONEY (1908-1979)

May 6, 1982

Albert R. Greer, President
BENSON-MONTIN-GREER DRILLING CORP.
221 Petroleum Center Building
501 Airport Drive
Farmington, New Mexico 87401

Re: Gallegos Canyon #2 Well
Township 29 North, Range 12 West, N.M.P.M.
Section 35: SW/4
Containing 160 acres, more or less
San Juan County, New Mexico

TITLE OPINION

GENTLEMEN:

In order to ascertain the title to the oil, gas, and other minerals underlying the above-captioned lands, I have examined:

1. All instruments filed or recorded in the office of the County Clerk in and for San Juan County, New Mexico affecting the oil, gas, and mineral rights only underlying the above-captioned lands from January 31, 1947 to May 4, 1982 at 1:00 p.m.
2. Certain lease file records of Benson-Montin-Greer Drilling Corp., Farmington, New Mexico.
3. New Mexico Oil Conservation Division Docket for Case No. 7542 to be held on May 12, 1982.

From this examination, I find title to the working interests in the oil, gas, and other minerals underlying the above-captioned lands from the surface down to the base of the Pictured Cliffs Formation thereof to be vested as set forth below:

Working Interest

Amoco Production Company

50%

National Drilling Company, Inc.

50%

A hearing has been called by the New Mexico Oil Conservation Division on its own Motion to permit Benson-Montin-Greer Drilling Corp., Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the Gallegos Canyon Unit #2 Well located in Unit K, Section 35, Township 29 North, Range 12 West, N.M.P.M., San Juan County, New Mexico should not be plugged and abandoned in accordance with a Division approved plugging program.

The examination of the San Juan County records commenced with a review of the following described Oil and Gas Leases:

1. Oil and Gas Mining Lease dated January 31, 1947 between J. S. Hartman et al. as Lessor and Charles Newbold as Lessee. This Lease was filed in the records of San Juan County, New Mexico in Book 125, Page 145, and covered the E/2 SW/4 of Section 35, Township 29 North, Range 12 West, N.M.P.M. (among other lands).

2. Oil and Gas Mining Lease dated January 31, 1947 between J. S. Hartman et al. as Lessors and Charles Newbold as Lessee. This Lease was filed in the records of San Juan County, New Mexico in Book 125, Page 149, and covered the W/2 SW/4 of Section 35, Township 29 North, Range 12 West, N.M.P.M. (among other lands).

The examination of the County records commenced with the date of these Oil and Gas Leases and continued until May 4, 1982 at 1:00 p.m.

From this examination, it is the opinion of this writer that Benson-Montin-Greer Drilling Corp. is not responsible for the plugging and abandonment of the Gallegos Canyon #2 Well since it does not own any oil and gas interests of whatsoever kind and nature from the surface down to the base of the Pictured Cliffs Formation underlying the above-captioned lands.

Finally, attached hereto are copies of the following correspondence pertaining to the blanket plugging bond of Earl A. Benson and William V. Montin:

1. Letter dated April 6, 1951 from the New Mexico Oil

Conservation Commission to E. A. Benson and W. V. Montin.

2. Letter dated March 24, 1958 from Benson-Montin to the New Mexico Oil Conservation Commission.

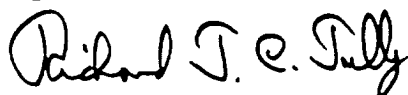
It appears from this correspondence that E. A. Benson and W. V. Montin have requested a release from their blanket plugging bond, and that only a one well bond was to be kept in force to cover the Riddle #1 Well located in the NE/4 NE/4 of Section 15, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico.

It will be necessary to review the records of the New Mexico Oil Conservation Division (successor to the New Mexico Oil Conservation Commission) in order to determine that the blanket plugging bond of Mr. Benson and Mr. Montin has been released. If this blanket plugging bond has been released, and there is not a single plugging bond outstanding against the Gallegos Canyon #2 Well by Mr. Benson and Mr. Montin, then the New Mexico Oil Conservation Division is estopped from seeking to have Mr. Benson and Mr. Montin plug and abandoned this well in accordance with a Division approved plugging program.

Finally, it should be brought to the attention of the New Mexico Oil Conservation Division that Benson-Montin-Greer Drilling Corp. is not the successor in interest to Earl A. Benson and W. V. Montin as well as Benson-Montin, Inc. With the similarity of names, it is possible that the New Mexico Oil Conservation Division has inadvertently assumed that Benson-Montin-Greer Drilling Corp. is the successor in interest to Mr. Benson and Mr. Montin as well as to the Benson-Montin, Inc.

DATED: May 6, 1982

Respectfully submitted,



RICHARD T.C. TULLY

RTCT:car
enclosures

CH
RICHARD T.C. TULLY, P.A.
ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

ARD T.C. TULLY

505-327-3388

August 14, 1990

Frank Chavez
Supervisor, District III
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

RECEIVED

AUG 16 1990

Re: Benson-Montin-Greer Drilling Corp.
Gallegos Canyon #2 Well
San Juan County, New Mexico

OIL CON. DIV.
\ DIST. 3

Dear Frank:

Please refer to the previous correspondence and communications between your office and Benson-Montin-Greer Drilling Corp. ("BMG") concerning the plugging and abandonment of the above-captioned well.

Pursuant to the request of Al Greer in 1982, we reviewed the records of San Juan County, New Mexico to determine the working interest ownership from the surface to the base of the Pictured Cliffs Formation underlying the SW/4 of Section 35, T-29-N, R-12-W, N.M.P.M.

As a result of such search, we were of the opinion that as of May 4, 1982 the working interest ownership was 50% in Amoco Production Company and 50% in National Drilling Company, Inc. A copy of this title opinion is enclosed for your ready reference.

In the last few weeks we have been contacted by BMG to review this matter again and determine who is responsible for plugging the Gallegos Canyon #2 Well.

We have not searched the records of San Juan County, New Mexico from May 4, 1982 to the present time, but we have contacted the following persons, and a summary of the discussions with these persons follows their names:

1. Don Reinhardt (sp), Land Department, BHP Petroleum (Americas) Inc., Houston, TX, on August 2, 1990 - Lease take-offs for the Gallegos Canyon Unit from the surface to the base of the Pictured Cliffs Formation show the working interest ownership for the SW/4 of Section 35, T-29-N, R-12-W, N.M.P.M., to be owned 50% by Amoco Production Company and 50% by Meridian Oil Production Inc. Further, BHP (Americas) Inc. is the Unit Operator for the Pictured Cliffs Participating Area.

CH
RICHARD T.C. TULLY, P.A.
ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY

505-327-3388

August 14, 1990

Frank Chavez
Supervisor, District III
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

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Gallegos Canyon #2 Well
San Juan County, New Mexico

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OIL CON. DIV
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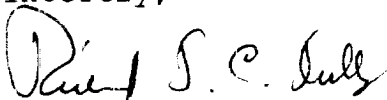
2. Robert Hopkins, Senior Landman, Meridian Oil Production, Inc., Farmington, NM, on August 7, 1980 - The 50% working interest of National Drilling Company, Inc. has been assigned to the McArthur Trusts, and then to Meridian Oil Production Inc. BHP Petroleum (Americas) Inc. is the Unit Operator for the Pictured Cliffs Participating Area of the Gallegos Canyon Unit, and Amoco Production Company and Meridian own the working interest in these lands, 50% each.

As you are aware, BMG is not the successor to the interests of E. A. Benson, William V. Montin, and Benson-Montin although the names are similar. Further, the working interest ownership in this well, lands, and formations is not owned by BMG. BMG therefore has no responsibility to plug this well except as a good will gesture to Benson, Montin, the NMOCD, and the surface landowner.

It is possible that if these lands are committed to the Pictured Cliffs Participating Area of the Gallegos Canyon Unit, then BHP may have the responsibility of plugging the well. If the lands are not committed to such Participating Area, then the Gallegos Unit Operator, Amoco Production Company, or the working interest owners (Amoco and Meridian) possibly may have the plugging responsibilities.

Please advise what further actions you wish BMG to take in this matter to relieve Benson-Montin from the obligation to plug this well.

Sincerely,



Richard T. C. Tully

RTCT:sak

Enclosure
cc w/o encl.

Albert R. Greer, President
Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, NM 87401

Don Reinhardt
Land Department
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, TX 77057

Robert Hopkins, Senior Landman
Meridian Oil Production Inc.
P. O. Box 4289
Farmington, NM 87499

Ron D. Howard, Regional Land Negotiator
Amoco Production Company
P. O. Box 800
Denver, CO 80201

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Feb 1991
7300