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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%

BENSON-MONTIN-GREER
Title Opinion
May 6, 1982
Page Two

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

BENSON-MONTIN-GREER
Title Opinion
May 6, 1982
Page Three

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.

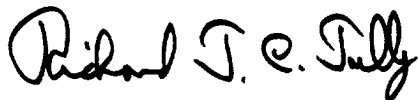
It appears from this correspondence that E. A. Benson and W. V. Montin have requested a release from their blanket plugging bond, and that only a one well bond was to be kept in force to cover the Riddle #1 Well located in the NE/4 NE/4 of Section 15, Township 28 North, Range 13 West, N.M.P.M., San Juan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