

Abrams Gas Co. G #1 I-30-29W-10W
STATE OF NEW MEXICO



ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 26, 1986

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Milton F. Lechner
380 R. 4990
Bloomfield, New Mexico 87413

Dear Mr. Lechner:

Your letter of November 5 has been received and duly noted.

It seems your problem is not at all unique as we are finding more and more often. Unfortunately, the situation you describe is a matter of contract over which this agency has no control. Your lease is a contract which requires the lessee to account to you for any production and sale. There also is a contract between producer and purchaser/transporter of gas. It has long been a practice that individual working interest owners may ratify the sales contract of operator or enter into his own contract with the same or another purchaser. Finally, there is a contract between working interest owners in a tract or well providing the operator, at his option, may market the production from the well and account for same to the other working interest owners. It also usually provides that each working interest owner will pay his own royalty and tax obligations.

This agency is seeking authority to handle situations such as yours by promulgating rules and, perhaps seeking statutory authority if our present authority is inadequate. At the present time the action taken by Mr. Chavez is all we can do, but this does not provide you a share of income from the well.

At such time as we assume authority we will be happy to place your complaint on the docket for hearing if this is your desire. We regret the fact we can do nothing further until then.

Yours very truly,

R. L. STAMETS, Director

cc: Frank Chavez
Amoco Production Co. - Denver

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