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RICHARD T.C. TULLY

June 30, 1987

R. D. Howard
Land Department
Amoco Production Company
P. O. Box 800
Denver, Colorado 80201

RE: Milton F. Lechner and Dorothy M. Lechner

Dear Ron:

Please refer to our previous correspondence concerning the 17.50% royalty interest owned by Milton F. Lechner and Dorothy M. Lechner in the Abrams Gas Com G#1 Well (PC and CH).

We wish to propose the matter of paying the production proceeds from this well to the Lechners be resolved in the following manner:

1. The working interest owners of the Oil and Gas Lease dated December 29, 1959 for the NW/4 SE/4 of Section 30, T-29-N, R-10-W, N.M.P.M. for the Pictured Cliffs Formation and the Chacra Formation shall execute a Letter Agreement effective February 1, 1985 authorizing Amoco Production Company to withhold and pay the production proceeds attributable to this royalty interest directly to the Lechners. Enclosed is a proposed Letter Agreement for review and approval by Amoco in this regard.

2. Upon receipt of appropriate accounting and production information from Amoco, including volume and production value, for the gas production prior to the well being shut-in on February 1, 1985, the Lechners will invoice the working interest owners for their proportionate share of the production prior to the well being shut-in.

3. However, if a working interest owner did not receive any payment of production proceeds prior to the well being shut-in, then Amoco shall pay the Lechners royalty interest effective with first production from the well.

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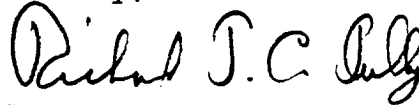
4. In the event that a working interest owner shall fail to execute a Letter Agreement and/or pay the invoice for the past production in a timely manner, then the Lechners shall initiate litigation against the non-complying working interest owner to terminate the working interest owner's interest in the above-described Oil and Gas Lease.

5. The Lechners shall notify Amoco in writing of the names of the non-complying working interest owners in order to allow Amoco to place the interests of these owners in suspense to stop any payment of production proceeds to the non-complying owners.

A copy of this letter and its enclosures is being sent to all of the working interest owners for their review and approval.

Please advise if you need further information or assistance in this matter.

Sincerely,



RICHARD T.C. TULLY

RTCT:dh

Enclosures

cc: w/Enclosures:
Milton F. Lechner and
Dorothy M. Lechner
P. O. Box 34
Bloomfield, NM 87413

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

Working Interest Owners

D06/5201LTR