



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178 Fax (505) 334-6170

GARY E. JOHNSON
GOVERNOR

JENNIFER A. SALISBURY
CABINET SECRETARY

February 12, 1997

Albert R Greer
Benson-Montin-Greer Drlg Corp
501 Airport Dr Ste 221
Farmington NM 87401

RE: A Gross #1, K-09-31N-13W, 30-045-10894

Dear Al:

As long as there is definite progress in returning this well to production we will not force the deadline.
You are granted 30 more days to bring this well into compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Chavez", written over a horizontal line.

Frank T. Chavez
District Supervisor

FTC\sh

cc: well file

BENSON-MONTIN-CREER DRILLING CORP.

501 AIRPORT DRIVE, SUITE 221, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

February 10, 1997

FAX TO FRANK CHAVEZ
505-334-6170

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

RECEIVED
FEB 13 1997
OIL CONSERV. DIV.
DIST. 3

Re: B-M-G #1-A GROSS

Dear Frank:

You were quite firm about not granting any more extensions of time to put the captioned well to production. Even so, I hope you do not expect us to sell the gas at an economic disadvantage to us - and at the same time economic disadvantage to the state in its share of gas revenues.

We need a little more time - hopefully not more than a month. In support of our request we offer the following:

1. On testing the well in December, we concluded it warranted putting on production and ordered a new separator for it.
2. We immediately contacted Williams Field Service - both in Salt Lake and the field office at Bloomfield.
3. We had hopes of getting approval from the field office to commence the pipeline construction, but they refused until we had a signed contract (through their Salt Lake office).
4. Delays were experienced by Williams Field Service: holidays and illnesses.
5. Further delays occurred when the contract had to be

Control Number: 002494

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

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

TULSA

OK 74121

C-115 Filer Contact Name: _____ Phone: () _____ FAX: () _____

POD: 0246810 Product Type: OIL Facility Type: 03 Location: G 03 26N 11W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): _____

POD: 0246830 Product Type: GAS Facility Type: 01 Location: G 03 26N 11W County SAN JUAN

OGRID Name

OGRID Name

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

Description of POD (40 characters or less): _____

POD: 0246850 Product Type: WATER Facility Type: 05 Location: G 03 26N 11W County SAN JUAN

Description of POD (40 characters or less): _____

WELL COMPLETIONS

Code Pool Name

Code Producing Property Name

API Well No. Location Well

71599 BASIN DAKOTA (PRORATED GAS)

000876 MOORE B

30-045-11601 G 03 26N 11W 001

BENSON-MONTIN-GREER DRILLING CORP.

Mr. Frank Chavez
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approved by Williams Field Services' attorneys.

6. When we finally received the draft agreement, it contained the following charges:

- a. Base gathering rate of 54¢/MMBTU.
- b. Gathering charge of 3.42%.
- c. Gas processing charge of 2.36%.
- d. Although we pay the gas processing charges, Williams Field Services keeps the liquids.

7. So, what all this meant, among other things, if gas prices dropped to \$1.00/MMBTU, we would realize only 40.2¢/MMBTU (and the state's taxes would proportionately suffer).

8. So I elected to search for a different market. Concurrently with this effort we had joined with Conoco - through Delhi Trading - to attempt to acquire the Meridian properties up for sale. We were unsuccessful there; but in the course of that association we worked out a deal to sell the gas from the Gross well along with that from some others to Conoco.

9. That trade is still only verbal: we expect to have the agreement in writing this week (of January 10). The terms are:

- a. 38¢/MMBTU base transportation and processing charge.
- b. We get the liquids: net estimated value 10¢/MMBTU.

10. This means a net transportation charge of 28¢/MMBTU; so when wellhead prices are \$1.00/MMBTU we will net 72¢ (as opposed to Williams Field Services where we would net 40.2¢/MMBTU). This is 80% over Williams Field Services.

Control Number: 002493

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

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

TULSA

OK 74121

C-115 Filer Contact Name: _____ Phone: () _____ FAX: () _____

POD: 0246710 Product Type: OIL Facility Type: 03 Location: P 33 28N 09W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less): _____

POD: 0246730 Product Type: GAS Facility Type: 01 Location: P 33 28N 09W County SAN JUAN

OGRID Name

OGRID Name

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

Description of POD (40 characters or less): _____

POD: 0246750 Product Type: WATER Facility Type: 05 Location: P 33 28N 09W County SAN JUAN

Description of POD (40 characters or less): _____

WELL COMPLETIONS

<u>Code</u>	<u>Pool Name</u>	<u>Code</u>	<u>Producing Property Name</u>	<u>API Well No.</u>	<u>Location</u>	<u>Well</u>
71599	BASIN DAKOTA (PRORATED GAS)	000869	MICHENER	30-045-11614	P 33 28N 09W	002

BENSON-MONTIN-GREER DRILLING CORP.

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11. As you know, Conoco is a good stable company; and I'd like to do business with Conoco. I expect their written proposal to confirm our verbal terms.

12. The Williams Field Services contract person I'm dealing with thinks it possible that we can come under Conoco's contract with Williams Field Services, and if so, will not have to enter into an agreement with Williams Field Services other than to identify the hook-up charges and who connects the well.

13. So, there's a possibility that it will all "fall into place" shortly. Even so, from a practical standpoint of how things move through courses over which we have no direct control, it makes sense for us to have a little extra time if need be.

I respectfully request an extension beyond March 1.

Regards,



ARG/tlp

Control Number: 002492

POINT OF DISPOSITION AND WELL COMPLETION INFORMATION

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

TULSA OK 74121

C-115 Filer Contact Name: Phone: () FAX: ()

POD: 0246610 Product Type: OIL Facility Type: 03 Location: B 33 28N 09W County SAN JUAN

OGRID Name

OGRID Name

Authorized Transporter(s): 014546 MERIDIAN OIL INC.

Description of POD (40 characters or less):

POD: 0246630 Product Type: GAS Facility Type: 01 Location: B 33 28N 09W County SAN JUAN

OGRID Name

OGRID Name

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

Description of POD (40 characters or less):

POD: 0246650 Product Type: WATER Facility Type: 05 Location: B 33 28N 09W County SAN JUAN

Description of POD (40 characters or less):

WELL COMPLETIONS

<u>Code</u>	<u>Pool Name</u>	<u>Code</u>	<u>Producing Property Name</u>	<u>API Well No.</u>	<u>Location</u>	<u>Well</u>
71599	BASIN DAKOTA (PRORATED GAS)	000869	MICHENER	30-045-24912	B 33 28N 09W	002E