

EC
2C
BMG

BENSON-MONTIN-GREER DRILLING CORP.

June 25, 1997

RECEIVED
JUN 26 1997

OIL CON. DIV.
DET. 3

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

Re: B-M-G'S #1-A GROSS
RECENT ACTIVITY

K-7-71-13

Dear Frank:

Williams Field Services (WFS) wouldn't do anything until we had a signed contract with Conoco. We completed that contract April 6 and furnished WFS with a copy.

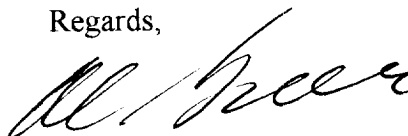
Included in the contract were some other wells besides the Gross. Conoco started taking gas from those wells in May, so we see no problem apparently between Conoco and WFS.

There were problems in getting agreement with surface owners for relocation of the pipeline but WFS finally worked that out and sent us a Well Connection Agreement June 2nd. That Connection Agreement had a provision that Conoco would have to approve the Connection Agreement; and Conoco didn't see the necessity for that and neither did I. Accordingly I asked WFS to substitute in place of that the recognition that the gas would be handled between Conoco and WFS by the designated agreement (#310-X).

In mid-June we received from WFS the corrected paragraph #5 to recognize agreement #310-X between Conoco and WFS. They still included, however, a provision that Conoco would agree to abide by the terms of the Well Connection Agreement. I sent this on to Conoco and they have not approved that - they say they never have before - and obviously they didn't do it with respect to the other wells where gas is going through the WFS system and Conoco is the purchaser.

I would hope that in a matter of a week or two we can resolve this one final little sticking point.

Regards,



ARG/tlp