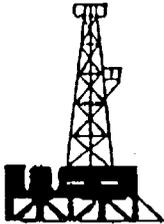


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TO: MR. DAVID CATANACH

COMPANY: NMOC

TELECOPIER NUMBER: 505-827-8177

FROM: ALAN ALEXANDER

DATE: 10-26-95

TOTAL NUMBER OF PAGES
(Including this one): 2

SPECIAL INSTRUCTIONS: SUGGESTED LANGUAGE
FOR FORCE POOLING RECORD TITLE OWNERSHIP
UNDER ARGO HILL #1 WELL (CASE NO. 11406)

PLEASE DELIVER IMMEDIATELY!

Please call (505) 326-9786 to confirm transmission.

To: Perry Pearce@LGLLAW@SFN
From: Alan Alexander@EXPlnd
Cc: Van Goebel@EXPlnd
Bcc:
Subject: Arco Hill # 1 - Force Pooling
Attachment:
Date: 10/26/95 8:12 AM

I believe we should use substantially the following findings in the force pooling order to be issued for the subject well (Case No. 11406) in order to force pool the record title owners for Communitization agreement purposes:

() The working interest owners in the SE/4 of Section 35, who are also the record title owners under Federal Lease No. SF-081334, have not voluntarily agreed to pool their working interest into the proposed E/2 proration unit .

() The applicant has made a good faith effort to secure voluntary agreement with the working interest owners to pool their interest.

() The consent of or the compulsory pooling of said record title owners is required by the Bureau of Land Management before Communitization of Federal Lease NM-04075 and SF-081334 is approved.

It is also recommended that wording in the Order concerning the pooling of mineral interest owners be similar to the following:

() All mineral interest, whatever they may be, including record title ownership, in the Blanco Mesaverde Pool underlying the E/2 equivalent of Section 22, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, are hereby pooled forming a standard 320-acre, more or less, gas spacing and proration unit for said pool. Said Unit shall be dedicated to the Arco Hill No. 1 Well located at a standard Mesaverde gas well location 1650' FNL and 1780' FEL (Unit G) of said Section 22.

Since you will be out of town this week I will fax a copy of this message to Mr. Catanach in Santa Fe in accordance with our telephone conversation on 10-25-95.