

COTTON, BLEDSOE, TIGHE & DAWSON

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

500 WEST ILLINOIS

SUITE 300

MIDLAND, TEXAS 79701-4337

P.O. BOX 2776 ZIP 79702-2776

TELEPHONE (915) 684-5782

FAX (915) 682-3672

June 28, 1991

RECEIVED

JUL 02 1991

O. C. D.
ARTESIA, OFFICE

BRADLEY H. BAINS
MICHEL E. CURRY*
RICHARD R. FLETCHER*
ELLEN M. HOUSE
KRISTI FRANKLIN HYATT
W. CLARK LEA
DAN G. LEROY
RICHARD R. MONTGOMERY*
DEBRA K. NEELEY
JAMES S. PERRYMAN
STEVEN D. SELBE
ALBERT E. SHERMAN
CHRIS A. WYATT*

*ALSO LICENSED IN NEW MEXICO
*BOARD CERTIFIED OIL, GAS AND
MINERAL LAW - TEXAS BOARD OF
LEGAL SPECIALIZATION
*BOARD CERTIFIED ESTATE
PLANNING AND PROBATE LAW -
TEXAS BOARD OF LEGAL
SPECIALIZATION

ROBERT C. BLEDSOE**
CHARLES L. TIGHE
ROBERT H. DAWSON
TEVIS HERD**
RICHARD T. McMILLAN
JOHN A. WOODSIDE
CORBY CONSIDINE
BARRY N. BECK
ALLEN D. CUMMINGS*
ALAN H. MEYERS
MAX E. WRIGHT
TERRY W. RHOADS
BILL J. HOWARD*
W. BRUCE WILLIAMS
SUSAN R. RICHARDSON
HARRIS E. KERR*
JULIA E. VAUGHAN
JERRY D. ZANT†
RICK G. STRANGE
RICK D. DAVIS, JR.

Mr. Norman Townsend
Gas Contract Division
Chevron USA, Inc.
P. O. Box 4538
Houston, Texas 77210

Re: Gulf Federal Lease, NW/4 Section 26, T-14-S, R-29-E,
Chaves County, New Mexico
Chevron D/O No. NM-26825

Dear Mr. Townsend:

This letter is to advise you that BEC Corporation, formerly Bliss Energy Corporation, continues to be the Operator of the captioned well. BEC Corporation has not executed any change of operator form naming a successor operator, and any such form previously filed with the Oil Conservation Division of the State of New Mexico by Paul Bliss is completely unauthorized.

Paul Bliss is claiming a 51.5625% working interest in the lease by virtue of assignment from J. R. Canon, Trustee of the JRC Trust, which assignment is dated February 16, 1990 purportedly effective January 1, 1990. Please be advised that the JRC Trust interest was subject to the terms of an Operating Agreement dated January 1, 1989 covering the Gulf Federal Lease naming Bliss Energy Corporation, now BEC Corporation, as Operator. This Operating Agreement contained a preferential right to purchase provision which was not met by the JRC Trust in the purported assignment to Paul Bliss. Therefore, the assignment to Bliss is ineffective and Paul Bliss owns no interest in the Gulf Federal Lease.

Further, the working interest of the JRC Trust is delinquent in paying its share of lease operating expenses which total \$5,214.28 for expenses from January 1, 1990 through May 31, 1991. BEC Corporation is in the process of invoking the Operator's lien provided for in the Operating Agreement to collect these expenses.