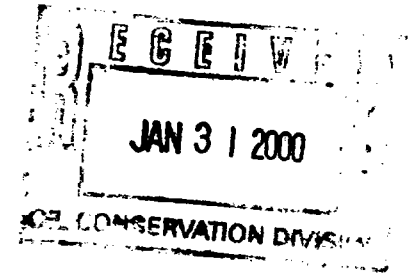




BAHLBURG EXPLORATION INC.

Post Office Box 866937 · Plano · Texas · 75086-6937 · (972) 867-2575 · Fax (972) 867-6745

via fax 505/827-8177



January 27, 2000

Ms. Lori Wrotenbery
Director, Oil Conservation Division
New Mexico Energy, Minerals & Natural Resources Dept.
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Reliance Operating Co.
Federal D No.3 Well
E/2 Section 31, T9S, R36E
Lea County, New Mexico

Dear Ms. Wrotenbery:

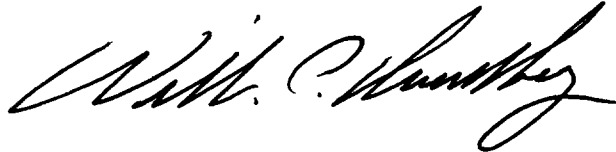
Reference is made to our letter dated January 10, 2000 regarding the 320-ac. spacing unit of the Federal D No.3 Atoka Gas well located in the E/2 of Section 31, T9S, R36E, Lea County, New Mexico (copy of OCD Form C-102 enclosed). As mentioned in our January 10th letter, David L. Cherry and myself are owners of mineral interest in the NE/4 of Section 31 and are entitled to our share of the production proceeds from the Federal D No.3 gas well and established 320-ac. proration unit. Neither Mr. Cherry or myself have received our rightful share of production revenue collected by Reliance from the gas and condensate purchasers on this well. This well has been producing for over a year and the operator has certain knowledge and title confirmation of our mineral interest in the NE/4 of Section 31. However, we have reason to believe that the Operator will not properly consolidate our interest into the established proration unit and pay us. As mineral interest owners in the proration unit for this well we firmly believe our correlative rights are being violated.

According to OCD Form C-102 filed by the operator dedicating the E/2 of Section 31 as the proration unit for the Federal D No.3 well; "No Allowable with be assigned to this completion until all interests have been consolidated or a Non-Standard Unit has been approved by the Division". As of this date, the operator has not complied with OCD rules

and consolidated all interests in the E/2 unit. Therefore, we respectfully request that the OCD cancel and rescind the allowable for the Federal D No.3 well until, at such time, the operator properly consolidates all the interests in the proration unit.

Please advise. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'William C. Bahlburg', with a stylized, cursive script.

William C. Bahlburg

Enclosure

cc: Armando Lopez, BLM
Michael Stogner, NMOCD
Lyn Hebert, NMOCD
Chris Williams, NMOCD
David L. Cherry
Reliance Operating Co.

DISTRICT II
P.O. Fawer Bldg. Artesia, NM 88210

DISTRICT II
1000 Rio Brasso Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-34066	13460	CROSSROADS WEST (ATOKA)
Property Code	Property Name	Well Number
19254	FEDERAL "D"	3
OGRID No.	Operator Name	Elevation
149441	RELIANCE OPERATING CO.	4059'

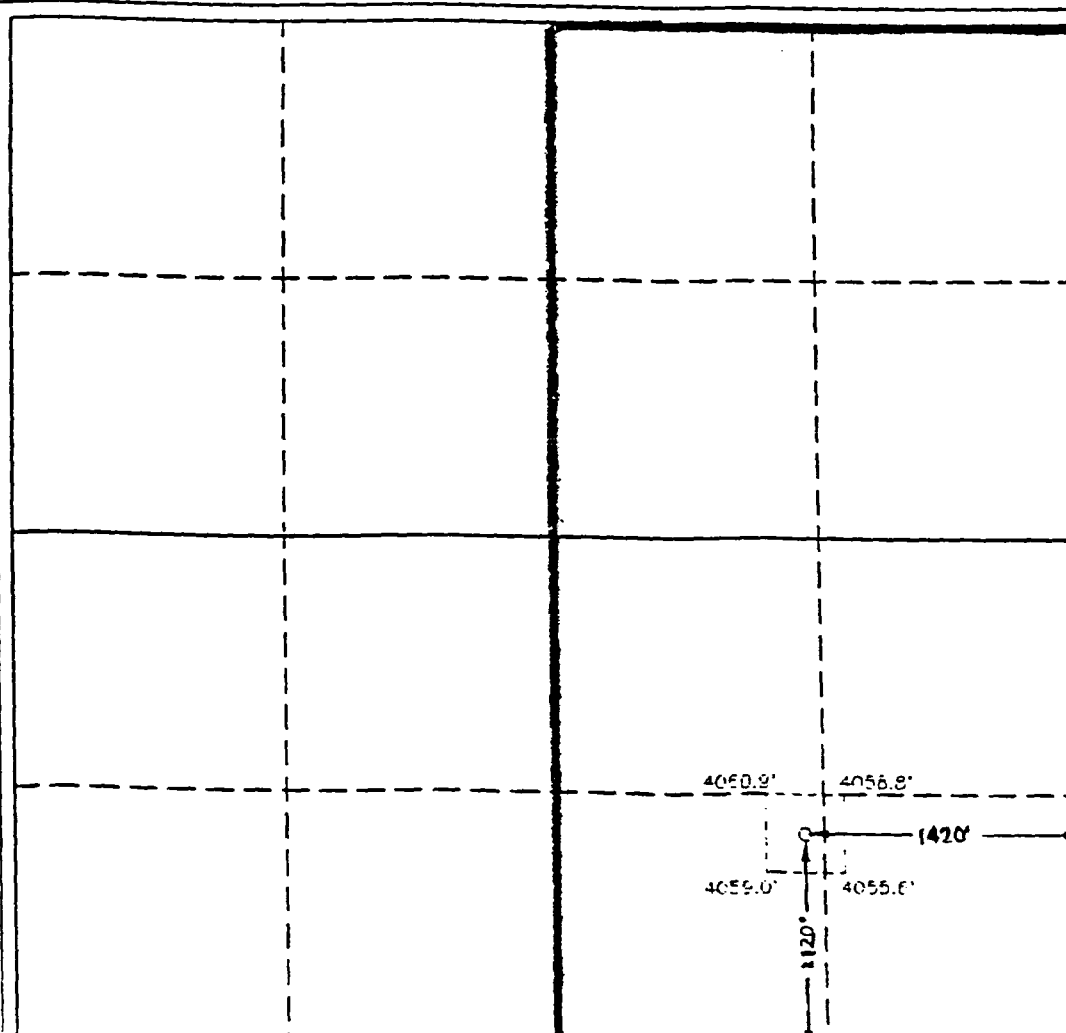
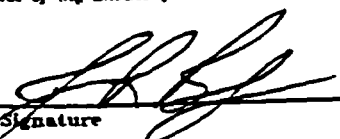
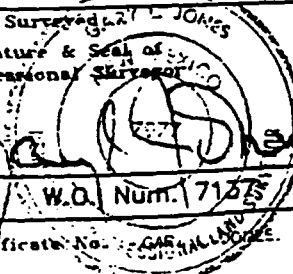
Surface Location

UL or lot No.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
0	31	9 S	36 E		1120	SOUTH	1420	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code		Order No.					
320									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</p> <p style="font-size: small; margin: 5px 0;">I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="margin-top: 10px;">  <div style="display: flex; justify-content: space-between;"> Signature James R. Berryman </div> <div style="display: flex; justify-content: space-between;"> Printed Name Operations Supervisor </div> <div style="display: flex; justify-content: space-between;"> Title May 20, 1997 </div> <div style="display: flex; justify-content: space-between;"> Date </div> </div> </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</p> <p style="font-size: small; margin: 5px 0;">I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <div style="margin-top: 10px;"> <div style="display: flex; justify-content: space-between;"> Date Surveyed March 25, 1997 </div> <div style="display: flex; justify-content: space-between;"> Signature & Seal of Professional Surveyor <div style="text-align: right;">  </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> Certificate No. W.D. Jones </div> </div> </div>
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James M. ... to Don ...