



Amoco Production Company

2325 East 30th Street
Farmington, New Mexico 87401
505-325-8841

R. J. Broussard
District Manager

January 7, 1988

New Mexico Oil Conservation Division
Attn: David Catanach
P. O. Box 2088
Santa Fe, NM 87501

File: CBD-14-400

Dear Mr. Catanach:

Surface Commingling Application
Bear Canyon Unit Central Tank Battery
Sections 10, 11, 14, & 15, T26N, R2W
Rio Arriba County, New Mexico

Amoco Production Company requests approval to surface commingle the liquid production from the Bear Canyon Unit wells into a central tank battery. Only those wells included in the federally approved unit will be tied into the battery. The common source of supply will be the Gavilan Mancos Extension pool.

The working and royalty interest ownership is common for all unit wells. Liquid production will be sold through a LACT unit at the battery. Allocation of production will be based upon monthly individual GOR tests.

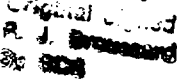
The liquid hydrocarbon gravity is 43 degrees API at 60 degrees Fahrenheit. The total estimated commingled production is 1200 bopd, based on an estimated 400 bopd per each well. Three wells are being drilled and completed in the unit at this time, with a future potential of 16 total wells. The expected gravity and commercial value of the commingled production will not be changed from the sum of the value of the production from each common source of supply.

In compliance with Rule 303B, we have attached the following:

- 1) Schematic diagram of the proposed installation
- 2) Plat showing the location of all wells
- 3) Survey of proposed tank battery site and pipelines
- 4) Approved Form 3160-5 from the Bureau of Land Management consenting to the surface commingling

Page 2
File: CBD-14-400
January 7, 1988

If further information is required, please contact Dana Delventhal at 326-9227. Thank you for your immediate attention to this application.

Sincerely,

R. J. Delventhal

SKB/ct

Attachments

cc: New Mexico Oil Conservation Division
Attn: Mr. Ernie Busch
1000 Rio Brazos Road
Aztec, NM 87410

W12



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

COMMINGLING ORDER CTB-334

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Amoco Production Company
2325 East 30th Street
Farmington, NM 87401

Attention: R. J. Broussard

The above-named company is hereby authorized to commingle
Gavilan Mancos pool production from the following leases:

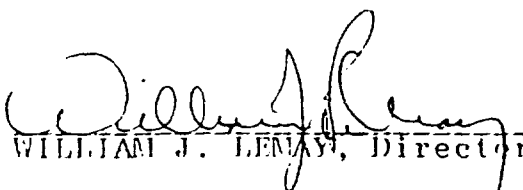
Lease Name: Bear Canyon Unit
Description: Section 1: S/2
Section 2: S/2
Section 3: S/2
Sections 10-15: All

All in Township 26 North, Range 2 West, NMTM,
Rio Arriba County, New Mexico.

Production shall be allocated to each lease by well tests (all
commingled production must be of identical ownership including
working interest, royalty interest and overriding royalty
interest).

NOTE: This installation shall be installed and operated in
accordance with the applicable provisions of Rule
309-B of the Division Rules and Regulations and the
Division "Manual for the Installation and Operation
of Commingling Facilities." It is the responsibility
of the producer to notify the transporter of this
commingling authority.

DONE at Santa Fe, New Mexico, on this 23rd day of March,
1988.


WILLIAM J. LENNAY, Director

WJL/DRC/ag



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

December 22, 1933

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9552
ORDER NO. R-9817

Applicant:

Amoco Production Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other Thomas Kellahin, Perry Pearce, William Gallaway, Jeff
Holcomb

CASE 9552
December 7, 1988

We are opposed to the application of the Amoco Production Company in Case 9552 for exception to Rule 303-A. As we understand their application; if this request is granted, Amoco would produce all wells within the Bear Canyon Unit area into a common battery, thus commingling all production. Allocation of production back to individual spacing units would then be based on production tests of each individual well in each spacing unit as set out in the letter from Amoco to Mr. William J. Lemay dated October 26, 1988.

Our objection is based upon:

1. For the most part, these wells are and those to be drilled will be, fairly new wells and will be subject to a test period during which produced water could vary considerably, thus making the tests less reliable.
2. Day to day variations of producing wells in their early stages due to weather conditions, mechanical troubles, and related problems make well tests unreliable.
3. In Amoco's letter to us dated November 21, 1988, they indicated a willingness to test each well three times each month. They plan to drill a total of ten wells. The taking of three 24-hour tests per well each month will require that they have no problems of a normal nature, such as down time due to freezes, limited access to the locations, et cetera which are known to occur in this area.

Measurement of daily production, in our opinion, is more reliable based on one of the following:

1. Frequent gauges of production into individual tanks at each producing site and then transferring to a common gathering site.
2. Metering of flow from each individual well into a common battery after the removal of gas and water.
3. Measurement of daily production of the final product by automatic custody transfer equipment for each well.

We are aware of the weather conditions in the area. If weather is a major factor considered for commingling production, it is also a major factor for not commingling.

It would appear that daily supervision of producing wells will be required. We believe that a battery at each producing site with frequent transfer to a main battery would be very practical and totally reliable.

Upon receipt of our copy of the letter from Amoco to Mr. Lemay, we wrote to several of the interest owners listed and asked for their support of our position related to testing. We have received 23 replies in support of our position. Copies of these letters are aattached for the record.

SUBSIDIARIES
COLEMAN DRILLING CO.
BIG A WELL SERVICE
SUNCO TRUCKING

DRAWER 3337
FARMINGTON, N.M. 87499

OFFICE: 505-327-0356



COLEMAN OIL & GAS, INC.

*Code 9550
DCE*

December 2, 1988

Mr. William J. Lemay
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

RE: Amoco Production Company
Application for exception to Rule 309-A
Lease Commingling - Bear Canyon Unit Area
Rio Arriba County, New Mexico

Dear Mr. Lemay:

This letter is presented in objection to Amoco Production Company's request for Rule 309-A, which is expected to be presented December 7, 1988.

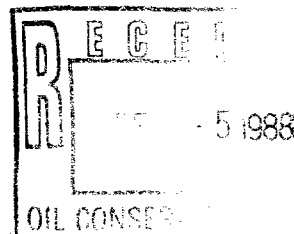
As a working interest owner in the N/2 Sec. 1 - T26N - R2W, Robert English Well No. 1 and not a participant in the Amoco Production Company operated Bear Canyon Unit, I prefer to have my production gauged on lease rather than allocated based on "test" data.

It is my opinion that this is the most cost effective method of handling the limited crude volumes from the well. Gas production, on the other hand, will be best initiated through an Amoco Production Company gathering system with individual well sales allocated based upon site specific chart integration ratioed to a master sales meter. This method provides continuous testing and will be more accurate.

Sincerely,


George E. Coleman

WJH:slh



W. M. GALLAWAY
3005 NORTHRIDGE DRIVE
SUITE I
FARMINGTON, NEW MEXICO 87401
PHONE: (505) 325-6771

November 30, 1988

*Copy 9550
DRC*

Mr. William J. Lemay
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

RE: Amoco Production Company
Application for exception to Rule 309-A
Lease Commingling - Bear Canyon Unite Area
Rio Arriba County, New Mexico

Dear Mr. Lemay:

I am in receipt of Amoco Production Company's (APC) request on the referenced topic and have had several conversations with both Mr. Cuba of their land department and Mr. Hawkins of their proration/unitization department. The essence of these conversations was to voice my objection to the inclusion of crude oil sales at a central facility within the Bear Canyon Unit from the Robert English Well No. 1, T-26-N; R-2-W, Rio Arriba County, New Mexico.

As detailed by APC, in the referenced conversations, oil production will be allocated to individual wells on the basis of their relative production volumes during test periods as a percentage to the total volume for the month. While this method is acceptable to Unit owners with consistent ownership positions, the potential for significant error exists when incorporating non unit wells with different ownership.

I request that Amoco's application be denied as presented.

Very truly yours,

W.M. Gallaway
W.M. Gallaway
by WGH



Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

November 21, 1988

Thomas S. Schalk
525 M. Bank Building
Wichita Falls, TX 76301

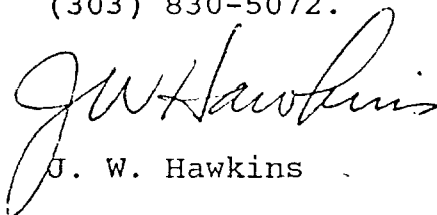
File: NWA-455-986.511

Application for Exception to Rule 309A
Lease Commingling - Bear Canyon Unit Area
Rio Arriba County, New Mexico

Per our telephone conversation concerning Amoco's application to commingle lease production in the Bear Canyon Unit Area, I am enclosing a copy of the exhibits we plan to submit to the NMOCD at the hearing on December 7, 1988. In addition, we plan to testify that Amoco will obtain at least three 24-hour tests each month on each well to get a representative monthly production test average.

Please note that the production volumes shown on the Production Allocation Exhibit are hypothetical since three of the wells are currently drilling or being completed, however, they are the order-of-magnitude that we expect and should be fairly representative.

If you have any questions, feel free to call me at
(303) 830-5072.



J. W. Hawkins

JWH/ljp

Attachments

cc:

T. D. Autry - Building
M. E. Cuba - Building

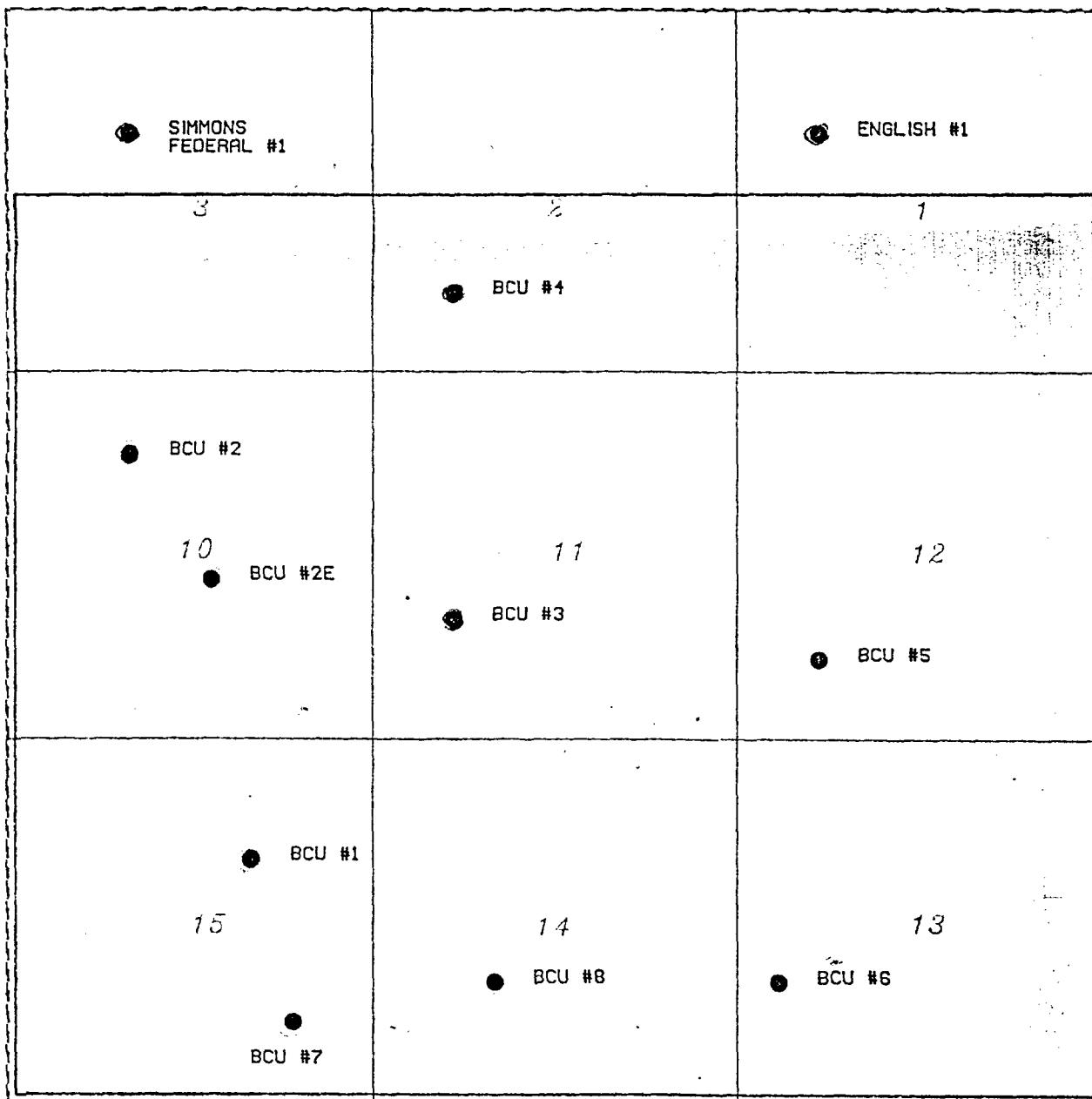
Sue O'Connell
P. O. Box 2003
Casper, WY 82602

LTR098

Amoco Surface Commingling Application
 Gavilan - Mancos Oil Pool
 Bear Canyon Unit Area

NMOCD CASE

EXHIBIT NO.



--- COMMINGLED PRODUCTION AREA

— BEAR CANYON UNIT BOUNDARY

● PRODUCING WELL

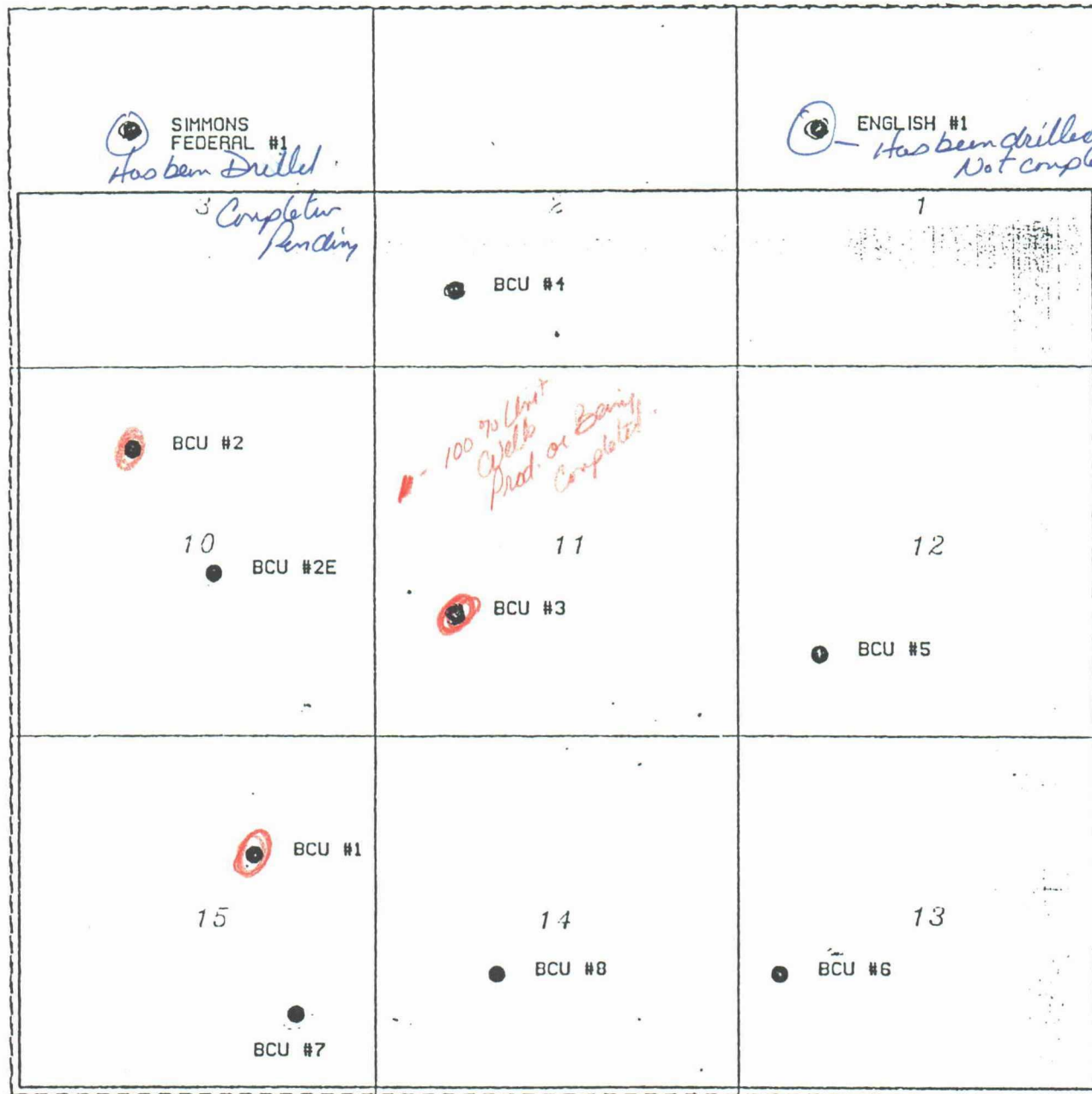
● DRILLING/COMPLETING WELL

● PROPOSED WELL

Amoco Surface Commingling Application
 Gavilan - Mancos Oil Pool
 Bear Canyon Unit Area

NMOCD CASE

EXHIBIT NO.



- COMMINGLED PRODUCTION AREA
- BEAR CANYON UNIT BOUNDARY
- PRODUCING WELL
- ⊕ DRILLING/COMPLETING WELL
- PROPOSED WELL

THOMAS S. SCHALK

525 MBANK BUILDING
WICHITA FALLS, TEXAS 76301

November 16, 1988

Ms. May Anna Anderson
Mr. Carl T. Anderson
3408 Glenwood
Wichita Falls, Texas 76308

Re: Amoco Bear Canyon Unit
Rio Arriba Co., New Mexico

Dear Ms. Anderson and Mr. Anderson,

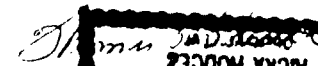
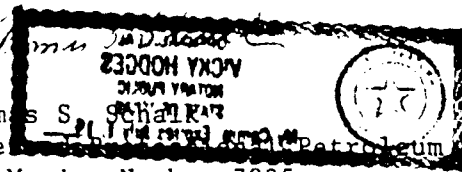
As a mineral owner in the Bear Canyon Unit operated by Amoco Production Company, you have probably received a notice of a hearing before the New Mexico Oil Conservation Division, as I have. This matter is set for hearing on December 7, 1988.

As a mineral owner and experienced oil and gas operator, I do not feel that all their proposals are in our best interest. They have not indicated how often they intend to test each of the wells, why the production should not be metered from each well as to volume before going to a common tank battery, whether an owner would be advised as to when the test or tests were to be made so the test could be monitored, etc. Those owning minerals will be paid on the basis of a test on the well or wells located on each section rather than on the actual production from each well.

We intend to have representation at the hearing Amoco has called, to object to allocation of production based on well tests. We would prefer each producing unit (640 ac) have its own battery. An alternative would be automatic custody transfer, or at least flow meter on each flow line to main battery.

Your support would be helpful if you agree with our opinion. A letter to this effect would be appreciated sent to my address in time to be used at the December 7, 1988 hearing. If you have any questions, please do not hesitate to call my office at 817-322-3424.

Sincerely,



Thomas S. Schalk
Licensed Professional Petroleum Engineer
New Mexico Number 7025

Dear Mr. Schalk,

We agree whole heartedly with your recommendation on the front side of this letter and we nominate you as our agent in handling the matter the best way in which you see fit.

Sincerely,


Carl T. Anderson


Mrs. May Anna Anderson

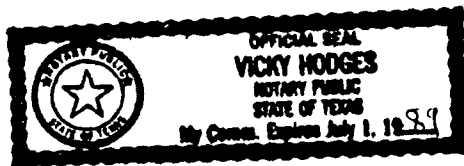
CTA:vh

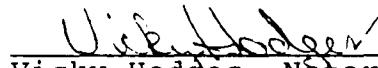
Single Acknowledgment

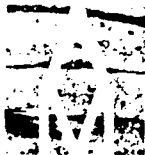
THE STATE OF TEXAS)
COUNTY OF WICHITA)

BEFORE ME, the undersigned authority, in and for said County, Texas, on this day personally appeared Carl T. Anderson and May Anna Anderson, known to me to be the persons whose names are subscribed to the above instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS 21TH DAY OF NOVEMBER, 1988.




Vicky Hodges, Notary Public



November 22, 1988

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Re: Application of Amoco Production
Company for Exception to Rule
309-A, Lease Commingling, Bear
Canyon Unit Area, Gavilan Oil
Pool, Rio Arriba County, N.M.


Dear Mr. LeMay:

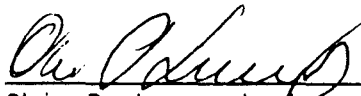
The undersigned owners of overriding royalty interests in the Bear Canyon Unit Area are concerned that we may not get full credit for our share of oil and gas production from the unit area if the OCD approves the captioned request by Amoco Production Company for approval of a common tank battery in the unit area. We are also concerned that production tests as proposed by Amoco may not necessarily be a reliable basis for allocating production to the various owners of oil and gas interests in the unit area.


We would prefer that separate tank batteries be required for wells with different ownerships in the unit area. Should the OCD approve Amoco's proposal to use a common tank battery for the unit area, we would prefer that the OCD require metering of the oil and gas production from individual wells. Should the OCD approve Amoco's proposal to allocate the production from the unit area on the basis of production tests, we would prefer that the OCD require Amoco (1) to conduct monthly oil and gas production tests for each well, (2) to record the actual amount of time each month that each well was produced and (3) to furnish to each owner of an oil and gas interest in the unit area the results of (1) and (2) above as well as the formula used for allocations of funds to the owner.

Very truly yours,

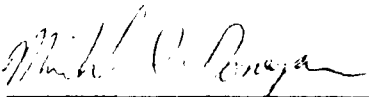
ANTHONY MINERALS COMPANY


H. F. Boles

By: 
Obie P. Leonard, Jr.
Managing Partner


Ben Donegan


Nancy June Nolan


Michael C. Donegan

E. MORRIS SEYDELL

PHONE 817-696-1631 - P. O. BOX 505

WICHITA FALLS, TEXAS 76307

December 5, 1988

Mr. Tomas S. Schalk
525 MBank Building
Wichita Falls, Texas 76301

Re: Amoco application for exception
to Rule 309-A, Lease Commingling
Bear Canyon Unit Area
Rio Arriba County, New Mexico

Dear Mr. Schalk:

In answer to your letter dated November 16, 1988 concerning the above captioned matter. In the initial statement by Amoco, the wells were simply to be tested. They then agreed to test each well 3 times for a period of 24 hours during each month. In the event the Commission does grant commingling under Rule 309-A we request that the NMOCD make the three 24 hour tests per month a part of its order and to include that each Mineral Owner be given 72 hour advanced notice so they may observe the actual tests. The Commission may wonder why all the concern on the part of the Mineral Owners, regarding the commingling, tests, etc.

As part of our Oil and Gas Lease, there are certain requirements that must be met to keep this lease from being abrogated by its own terms. The lease is recorded in Book 106, Pages 834-837 County Clerk's Office, Rio Arriba County, New Mexico.

1. "Lessor shall receive a copy of any and all conventional electrical log surveys run upon receipt thereof from the Service Company, and same to be sent to the above address." Only one log has been received from each of the present 3 wells.
2. A special clause requiring Division Orders to be received "within 90 days from the date of first sale or removal from the premises of oil and/or gas" - This has been done after considerable encouragement.
3. "The Division Order shall indicate the true date of the first removal or sale of Oil or Gas from the premises" -.

No. 1 DO date November 9, 1987, First removal August 13, 1987.

No. 2 DO date April 29, 1988, First removal February 3, 1988.

No. 3 DO date July 11, 1988, First removal April 21, 1988.

The above information was received after special request.

4. "liability for interest at the rate of 16% per annum for all payments of royalty not paid within the time above set out" -. Interest has been paid for runs on No. 1 No payments have been received for production from wells No. 2 and 3.

December 5, 1988
Bear Canyon Unit Area

With these examples of how the Lessee has conducted his and our business, why should we as Mineral Owners have any confidence that the terms of our Oil and Gas Lease will be adhered to under conditions of commingling under Rule 309-A? We have been advised by a number of Mineral Owners that they did not start receiving payments for almost a year after those who had special requirements.

In the event that the Commission does grant Amoco's application to Comingle into a common battery, they should also require the above tests to be run, as well as require a detailed accounting of the test information to be attested to by the supervisory personal where the tests are run, with copies supplied to the applicable Mineral Owners.

We believe the only accurate way to fulfill the terms of our Oil and Gas Lease is by seperate batteries for each production unit or metering each well after removal of gas and water. Winter operating conditions call for individual batteries for each production unit.

Sincerely yours,

A handwritten signature in black ink, appearing to read "E. Morris Seydell", written in a cursive style.

E. Morris Seydell



NATIONAL INSTITUTE FOR PETROLEUM AND ENERGY RESEARCH
Post Office Box 2128
Bartlesville, Oklahoma 74005
(918) 336-2400

SINCE 1936

November 21, 1988

Mr. Thomas S. Schalk
525 MBank Building
Wichita Falls, Texas 76301

Dear Mr. Schalk:

I agree with the premise of your letter, either separate tank battery for each producing unit or a suitable metering scheme for each well, obviously the problems with the testing relate to the number of producing days, workover schedules etc.

I would hope that the BLM or the State of New Mexico watchdogs would also present arguments for a "documented" allocation of production.

Please feel free to use this letter as you see fit.

Sincerely,

Don C. Ward
Licensed Professional Engineer
Oklahoma Number 5750

kg

ONE FIRST CITY CENTER
SUITE 950

PHONE (915) 683-8687

FRANK KELL CAHOON
MIDLAND, TEXAS 79701

November 30, 1988

Thomas S. Schalk
525 MBank Building
Wichita Falls, Texas 76301

Dear Mr. Schalk:

I am a mineral owner in the Bear Canyon Unit operated by Amoco Production Company.

I understand that you will have representation at the hearing Amoco has called with the New Mexico Oil Conservation Division to object to the Amoco proposal.

I would also like to object to allocation of production based on well tests.

I would prefer each production unit have its own battery. An alternative would be automatic custody transfer.

Thank you for your interest in this matter.

Yours truly,



Frank Kell Cahoon

FKC:vj

December 25, 1988

Mr. & Mrs. Harold E. Adkins
7221 W. 13th Ave.,
Kennewick, WA 99337

Mr. Thomas S. Schalk
525 MBank Bldg.
Witchita Falls, TX 76301

Re: Amoco Bear Canyon Unit, Rio Arriba Co., NM

Dear Mr. Schalk:

In regard to our telephone conversation; We support your position that Amoco's proposals are not in our best interest. We are opposed to Amoco allocating production according to well tests. We prefer each producing unit (640 acres) have its own battery.

Very truly yours,

Harold E. Adkins - Linda M. Adkins

Harold E. and Linda M. Adkins

Nov. 29, 1988

Thomas S. Schalk
525 N. Brook Blvd.
Wichita Falls, Texas 76301

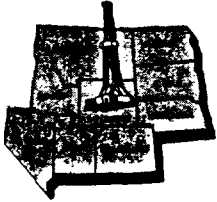
Re: Amoco Bear Canyon Unit
Red Arriba Co., New Mexico

Dear Mr. Schalk,

Please be advised that I am in full support of your proposal to have representation at the hearing on the Bear Canyon Unit on commingling of production during development on December 7th, 1988.

I also support metering of each well before the production is put into a common battery.

Sincerely,
John L. Cowan
Int. Exce. of Frances
James Smith Estate.



R.K. O'CONNELL

OFFICE (307) 265-7863
RES. PH: (307) 237-2119

801 FIRST NATIONAL BANK BLDG.

P.O. BOX 2003

CASPER, WYOMING 82602

November 28, 1988

Mr. Thomas S. Schalk
525 MBank Building
Wichita Falls, Texas 76301

RE: Amoco Application for Exception
to Rule 309-A, Lease Commingling
Bear Canyon Unit Area
Rio Arriba County, New Mexico

Dear Mr. Schalk:

Thank you for your letter dated November 16, 1988 concerning the above captioned matter. Please be advised that R. K. O'Connell also has some serious reservations about the wisdom of granting Amoco such an exception. Like you, we have spoken with Mr. Hawkins of Amoco and have been assured that each well would be tested a minimum of three times per month.

For several reasons, we do not feel that three tests of 24 hour duration each month would necessarily be adequate. As we discussed, the Bear Canyon Unit experiences a difficult winter. Flow lines could freeze or break, paraffin could set up causing some wells to produce at anomolous rates, and any of a myriad of common oilfield problems could cause inaccuracies. Further, we can see no reason that Amoco should not be required to comply with the standard procedure. To the best of our knowledge, this application is made solely to save Amoco the expense of installing the metering equipment. Inasmuch as we do not feel that this exception would be in the best interests of all the parties, we would hope that the OCD would deny the application.

In the event that the Commission grants Amoco the exception, we would think that the Order should require a minimum of three 24 hour tests per well per month. Also, Amoco should be required to notify all interest owners of the testing schedules so that interested parties might witness the tests, and a detailed accounting of the test information and actual production figures should be provided to each owner each month.

We appreciate the time and expense that you are dedicating to this effort. Hopefully the OCD will see that there is no advantage to the state of New Mexico or the other interest owners in granting this exception.

Very truly yours,

C. S. O'Connell
for

R. K. O'Connell

CSO:clk

5925 Preston Rd.
Dallas, Tx. 75205
Nov. 21, 1988

Mr. Thomas S. Schalk
525 MBank Bldg.
Wichita Falls, Tx. 76301

Re: Amoco Bear Canyon Unit
Rio Arriba Co., New Mex.

Dear Mr. Schalk:

As a mineral owner in the Bear Canyon Unit operated by Amoco Production Company, I concur with your opinion in regard to the operation of this unit. You are an experienced oil and gas operator whose judgment I trust implicitly. Apparently, Amoco proposes certain procedures which are not to the best interest of the mineral owners involved.

At the hearing which Amoco has called, for December 7, 1988, I hope that you will be there to represent the mineral owners to object to allocation of production based on well tests. I give you my full support to be a representative of my opinion also. I shall appreciate your action in this matter.

Sincerely,



Peggy Williamson McCullough

Beverly L. Jenkins

Interiors

Thomas S. Schalk
525 M Bank Building
Wichita Falls, Texas 76301

NOV. 24-88

Dear Mr. Schalk,

Re: the Amoco Bear Canyon Unit-
Rio Arriba Co. New Mexico.

I do concur that the owners
of wells. should be paid on the
actual production from each well
and not by the combined produc-
tion of wells located on each section.

Also. there should be a metered
flow line on each well to the main
tank battery - as an alternative -
for payment to owners. or production
records.

Sincerely

155 PUKOA STREET
KAILUA, HAWAII 96734
(808) 261-5236

Beverly L. Jenkins

Cynthia Bowmer Catering
"food for thought"

4111 Picasso
Wichita Falls, Texas 76308

817/696-0232

Nov 21, 1988

Dear Tom,

This is in reference to your letter
of Nov 16, 1988.

I most definitely agree with your
conclusions on the bear creek unit.

I certainly want you to act on my
behalf in resolving this matter. You
have my permission to act as my
representative in the Dec 7, 1988 hearing.

I thank you in advance for
looking out for all our best interests.

Sincerely,
Cynthia Bristol Bowmer

This Is No Bull

from Juanita Cochran
Route 3, Box 120
Rayville, Louisiana 71269
(318) 728-3395

Dear Mr. Schack,

Again let me thank you for advising me of the objections you had over the Amoco Bear Canyon Unit. As per our phone conversation this morning I am grateful for any "light" that could or should be shed in New Mexico.

It seems oil companies drag feet with the best, and my dealings with several (TXO for one) has tried my religion severely.

If this letter is Not stated as you wished, please advise me and I'll rewrite.

Sincere thanks.

Juanita Cochran

Sunwest Bank of Albuquerque
Trust Division
P.O. Box 26900
Albuquerque, New Mexico 87125-6900
Tel. 505-765-2301



November 25, 1988

Mr. Thomas S. Schalk
525 MBank Building
Wichita Falls, TX 76301

Re: M. H. McGrail Trust
Amoco Bear Canyon Unit
Rio Arriba County, New Mexico

Dear Mr. Schalk:

Sunwest Bank of Albuquerque is the Successor Trustee for the M. H. McGrail Trust. We apologize for the delay in responding to your letter of November 16, 1988, but only received same today from Portales National Bank.

Please be advised that we agree with your letter of November 16 and by this letter do express our objection to Amoco Production Company's proposal set for hearing on December 7, 1988. As Trustee, we feel the Trust should be paid on the basis of actual production from any well in which the Trust owns a mineral interest.

We appreciate your bringing this matter to our attention. Should you require anything further, please so advise.

Yours very truly,

A handwritten signature in cursive script that reads "Gail McBrearty".

Gail McBrearty
Oil and Gas Administrator

GM:jb

November 22, 1988

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Re: Application of Amoco Production
Company for Exception to Rule
309-A, Lease Commingling, Bear
Canyon Unit Area, Gavilan Oil
Pool, Rio Arriba County, N.M.

Dear Mr. LeMay:

The undersigned owners of overriding royalty interests in the Bear Canyon Unit Area are concerned that we may not get full credit for our share of oil and gas production from the unit area if the OCD approves the captioned request by Amoco Production Company for approval of a common tank battery in the unit area. We are also concerned that production tests as proposed by Amoco may not necessarily be a reliable basis for allocating production to the various owners of oil and gas interests in the unit area.

We would prefer that separate tank batteries be required for wells with different ownerships in the unit area. Should the OCD approve Amoco's proposal to use a common tank battery for the unit area, we would prefer that the OCD require metering of the oil and gas production from individual wells. Should the OCD approve Amoco's proposal to allocate the production from the unit area on the basis of production tests, we would prefer that the OCD require Amoco (1) to conduct monthly oil and gas production tests for each well, (2) to record the actual amount of time each month that each well was produced and (3) to furnish to each owner of an oil and gas interest in the unit area the results of (1) and (2) above as well as the formula used for allocations of funds to the owner.

Very truly yours,

ANTHONY MINERALS COMPANY

H. F. Boles

Ben Donegan

Ben Donegan

Michael C. Donegan

Michael C. Donegan

By: Obie P. Leonard, Jr.
Managing Partner

Nancy June Nolan
Nancy June Nolan

Rev. Xavier S. Burmanowski

Rev X S Burmanowski
13 Glenwood Rd Gdn Box 322
Niantic CT
06357

The Company that called from Warsaw was "Richards Feed Oil and
Lard Co." The girl or lady that called was "Penny" (we could find them)
(in Warsaw now.)
I am just about to go to Finland. If you need me again, Please
write to: Rev. XAVIER S. BURMANOWSKI, 159 - N. W. 70th St. apt #403
Grosse Pointe, P.E. 33489. If I had my phone No, I would give it
you, but I get it hardly at all. I will be there, Dec. 1, 1988 - Mar. 30, 1989.
Once again, I thank you, and give you power of attorney to
speak for me in this matter.
My Brother ^{MY SON} Herman is also on the Universal Wheel. But I am the
nurse. Thank you sincerely,

P.S. I am married.

Rev. Xavier S. Burmanowski

Reb. Xavier S. Baranowski

Mr. Thomas A. Schack

525 N. Bank St.

White River, Texas, 76201.

Dear Mr. Schack:

Sincerely Thank you for your enlightening letter. We have received
nothing from the ~~State~~ since 1975. We are now retired & live
80 yrs. since January.

I agree with all that you wrote. ^{Then} I ~~think~~ we give you
power of attorney to speak for me, what will be the following
on what you wrote. I agree whole heartedly. When we first
contacted, or was told that there was money due me, and in re-
ferring up it hasn't been anything else. And it hasn't
been able to contact that Company in Person in New York, since

Nov. 22, 1988.

Rev X S Baranowski
13 Griswold Rd Gnd Box 322
Natick CT 06357

December 1, 1988

Mr. Thomas S. Schalk
525 MBANK Building
Wichita Falls, Texas 76301

Subject: Amoco Bear Canyon Unit, Rio Arriba Co., New Mexico

Dear Mr. Schalk:

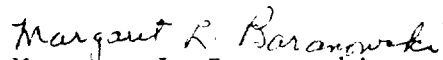
Thank you for your 11/16/88 letter surrounding the upcoming hearing before the New Mexico Oil Conservation Division on December 7, 1988.

As mineral owners, we too are concerned about Amoco's proposals as they relate to allocation of production based on well tests. Therefore, we are sending you this letter to confirm our support and agreement with your opinion.

We would appreciate a report from you on the outcome of the hearing. If you have any questions, please feel free to reach us at 703-534-2609.

Sincerely yours,


Myron S. Baranowski


Margaret L. Baranowski

MSB/lb

December 1, 1988

Mae Bell Duncan
2904 Speedway
Wichita Falls, Texas 76308

Mr. Thomas Schalk
525 MBank Building
Wichita Falls, Texas 76301

Dear Mr. Schalk:

This is in response to your letter of November 16, 1988.

I agree that each producing unit of oil or gas in Bear Canyon Unit should have its own battery. An acceptable alternative would be automatic custody transfer or a flow meter on each flow line to main battery.

Will you please communicate my desires to Amoco at the December 7, 1988, meeting and act as my agent in handling the matter the best way in which you see fit.

Sincerely,

Mae Bell Duncan

Mae Bell Duncan

WILLIAM C. DUNCAN II

1803 Victory
Wichita Falls, Texas 76301
Phone 817-766-2912

December 1, 1988

Mr. Thomas S. Schalk
525 MBank Building
Wichita Falls, Texas 76301

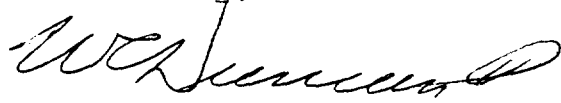
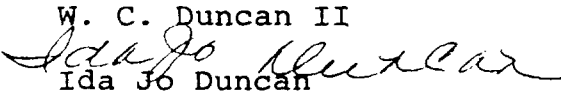
Dear Mr. Schalk:

This is in response to your letter of November 16, 1988.

We agree that each producing unit of oil or gas in Bear Canyon Unit should have its own battery. An acceptable alternative would be automatic custody transfer or a flow meter on each flow line to main battery.

Will you please communicate our desires to Amoco at the December 7, 1988, meeting and act as our agent in handling the matter the best way in which you see fit.

Sincerely,


W. C. Duncan II

Ida Jo Duncan

THOMAS S. SCHALK

525 MBANK BUILDING
WICHITA FALLS, TEXAS 76301

November 16, 1988

Guy C. Davis, Individ. &
Co-Trustee of Test Trust
created by Last Will &
Testament of Guy Davis
3217 Mount Olive Rd.
East Point, GA 30344

Re: Amoco Bear Canyon Unit
Rio Arriba Co., New Mexico

Dear Mr. Davis,

As a mineral owner in the Bear Canyon Unit operated by Amoco Production Company, you have probably received a notice of a hearing before the New Mexico Oil Conservation Division, as I have. This matter is set for hearing on December 7, 1988.

As a mineral owner and experienced oil and gas operator, I do not feel that all their proposals are in our best interest. They have not indicated how often they intend to test each of the wells, why the production should not be metered from each well as to volume before going to a common tank battery, whether an owner would be advised as to when the test or tests were to be made so the test could be monitored, etc. Those owning minerals will be paid on the basis of a test on the well or wells located on each section rather than on the actual production from each well.

We intend to have representation at the hearing Amoco has called, to object to allocation of production based on well tests. We would prefer each producing unit (640 ac) have its own battery. An alternative would be automatic custody transfer, or at least flow meter on each flow line to main battery.

Your support would be helpful if you agree with our opinion. A letter to this effect would be appreciated sent to my address in time to be used at the December 7, 1988 hearing. If you have any questions, please do not hesitate to call my office at 817-322-3424.

Sincerely,

Thomas S. Schalk

Thomas S. Schalk
Licensed Professional Petroleum Engineer
New Mexico Number 7025

Dear Mr. Schalk,

*I support your above
proposal. Sincerely,*

*Guy C. Davis, M.D., Doctor & Co-Trustee
3217 Mt Olive Rd
East Point, Ga. 30344*

SR Box 141
Corrales, N.M., 87048

Mr. Thomas S. Schalk
525 MBank Building
Wichita Falls, Tex., 76301

Dear Mr. Schalk:

This is in response to your letter of Nov. 16, 1988.

I agree that each producing unit of oil or gas in Bear Canyon Unit should have its own battery. An acceptable alternative would be automatic custody transfer or a flow meter on each flow line to main battery.

Would you please communicate my desires to Amoco at the Dec. 7, 1988 meeting.

Thank you for your initiative in this matter.

Sincerely,

Maxine Bodenhamer

Maxine Bodenhamer

November 21, 1988

Debbie M. Salazar



OFFICIAL SEAL
DEBBIE M. SALAZAR
NOTARY PUBLIC - STATE OF NEW MEXICO
Notary Public Filed with Secretary of State
My Commission Expires 10-14-90