

MESA GRANDE RESOURCES, INC.

**1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494**

July 16, 1986

To Working Interest Owners
(See Attached List)

Re: Designation of Successor
Operator - Gavilan #2 Well
S/2, Section 26-25N-2W
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Enclosed please find a Designation of Successor Operator form for the captioned well. It is executed by Mesa Grande Resources, Inc., as Successor Operator, to E. Alex Phillips. As you know, E. Alex Phillips is President of Mesa Grande Resources, Inc. so this change of operator is only a formality.

You will note that we have left the Communitization Agreement number blank. This is due to the fact that we have not yet received approval from the Bureau of Land Management. However, we are in the process of resolving this problem with a force-pooling case on August 6, 1986 before the New Mexico Oil Conservation Division, and plan to submit these executed Designations at that time. We are optimistic about the outcome of the case.

Please execute all four signature pages and have the four acknowledgments properly notarized before returning them to this office. Your prompt attention is very much appreciated in light of the August 6th deadline.

Thank you for your assistance in this matter, and please feel free to call if there are any questions.

Sincerely,

Diane Wehrenberg
Land Department

dw
Enclosures

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>8965</u> Exhibit No. <u>3</u> Submitted by <u>Mesa Grande Resources</u> Hearing Date <u>August 6, 1986</u>

WORKING INTEREST OWNERS

Gavilan #2 Well
S/2, Section 26-25N-2W
Rio Arriba County, New Mexico

Mesa Grande, Ltd. *recrd 7-24*
1305 Philtower Building
Tulsa, Oklahoma 74103
Attention: L. Sweet

Duer Wagner III *recrd 7-18*
1420 Continental Plaza
777 Main Street
Fort Worth, Texas 76102

Arriba Company, Ltd. *recrd 7-29*
Post Office Box 35304
Tulsa, Oklahoma 74153
Attention: G. L. Morris

Mountain States Natural Gas Corp.
Post Office Box 35426 CERTIFIED MAIL
Tulsa, Oklahoma 74153 P259-367-072
Attention: Albert J. Blair, Jr.

Jerome P. McHugh & Associates
650 South Cherry, Suite 1225
Denver, Colorado 80222
Attention: Kent Craig

Hooper, Kimball and Williams, Inc.
Post Office Box 520970
Tulsa, Oklahoma 74152
Attention: Greg D. Owens

Dugan Production Corp. *recrd 7-24*
Post Office Box 208
Farmington, New Mexico 87499
Attention: Robert Stovall

Chevron U.S.A. Inc.
Post Office Box 599
Denver, Colorado 80201
Attention: Randy Hagood

Ralph Gilliland
7420 Caruth
Dallas, Texas 75225

Mabel Clark Reed, Co-Trustee &
W. W. Oatman, Co-Trustee Under
the Will of Warren Clark;
Mabel Clark Reed, Warren Clark Trust
and Carolyn Clark Oatman
Post Office Box 1846
Austin, Texas 78767

Reading & Bates Petroleum Co. *recrd 7-31-86*
3200 Mid-Continent Tower
Tulsa, Oklahoma 74103
Attention: Eric Koelling

Ibex Partnership/P C, Ltd.
Post Office Box 911
Breckenridge, Texas 76024-0911
Attention: Ronald Holloway

Duer Wagner, Jr. *recrd 7-22*
Post Office Drawer 980239
Fort Worth, Texas 76198

SENDER INFORMATION

When you send a **REGISTERED MAIL** or **CERTIFIED MAIL** you are insuring the contents of the mail. This card from the post office will provide you with the name of the person to whom the mail will be delivered. Additional fees for special services are available. Consult your local post office for details.

Show to whom mail is delivered
 Registered Mail

Address
Mountain States Natural Gas Corporation
Post Office Box 35426
Tulsa, Oklahoma 74153

Type of Service
 Registered
 Certified
 Express Mail

Article Number
P259-367-072

Always obtain a receipt for your registered and certified mail.

DATE DELIVERED

Signature of Addressee
[Signature]

Signature of Sender
[Signature]

Postage and Fees
7.18

Address of Addressee (ONLY IF REGISTERED MAIL)

P 259 367 072

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Mountain States Natural Gas Corporation	Postage	\$ 7.3
Street and No. Post Office Box 35426	Certified Fee	.75
P.O. State and ZIP Code Tulsa, Oklahoma 74153	Special Delivery Fee	
	Restricted Delivery Fee	
	Return Receipt showing to whom and Date Delivered	.70
	Return Receipt showing to whom, Date, and Address of Delivery	
	TOTAL Postage and Fees	\$ 2.18

Postmark or Date *A. OK*
Designated by Successor Operator - Gavilan #2 Well

* U.S.G.P.O. 1985-480-794 PS Form 3800, June 1985

MESA GRANDE RESOURCES, INC.

1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494

April 4, 1986

Mountain States Natural Gas
Corporation
Post Office Box 35426
Tulsa, Oklahoma 74153

Re: Gavilan #2 Well
SE/4, Section 26-25N-2W
Rio Arriba County, New Mexico

Gentlemen:

This is a follow-up to our letter of January 7, 1986 wherein we requested an assignment of your interest under the terms of the farmout agreement under the captioned well. I have enclosed a copy of that letter for your reference.

Thank you for your attention to this matter.

Sincerely,

Diane Wehrenberg
Land Department

dw
Enclosure

MESA GRANDE RESOURCES, INC.

1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494

February 10, 1986

Mountain States Natural
Gas Corporation
Post Office Box 35426
Tulsa, Oklahoma 74153

Re: Gavilan #2 Well
S/2, Section 26-25N-2W
Rio Arriba County, New Mexico

Gentlemen:

Please reference my letter of January 22, 1986 (copy attached) wherein I enclosed three signature pages and three acknowledgments for the Communitization Agreement for the above mentioned well.

As you may recall, I have been endeavoring to get this agreement completed and approved since June of 1985. I have obtained all the needed signature pages and made the requested revisions as set out in the BLM's recent letter. However, I need your signature pages and acknowledgments before I can expect to gain approval from the BLM.

Please comply with my request and forward the signature pages and acknowledgments promptly. If you have any question, please feel free to call me. Thank you for your attention to this matter.

Sincerely,

Diane Wehrenberg
Land Department

dw
Attachment

Certified Mail P259-366-943

P 259 366 943

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

* U.S.G.P.O. 1985-480-794 S Form 3800, June 1985	Sent to Mountain States Natural Gas Corporation Street and No. Post Office Box 35426 Tulsa, Oklahoma 74153
	Postage .22
	Certified Fee .75
	Special Delivery Fee
	Restricted Delivery Fee
	Return Receipt showing to whom and Date Delivered .70
	Return Receipt showing to whom Date and Address of Delivery
	TO POSTAGE AND FEES \$ 1.67
	Postmark & Date FEB 10 1986 and request for executed signature pages & acknow. GAVILAN Com. Agreement

SENDER: Complete items 1, 2, 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.	
1. <input type="checkbox"/> Show to whom, date and address of delivery.	2. <input type="checkbox"/> Restricted Delivery.
3. Article Addressed to: Mountain States Natural Gas Corporation Post Office Box 35426 Tulsa, Oklahoma 74153	
4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	Article Number P259-366-943
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Agent [Signature]	6. Signature - Agent [Signature]
7. Date of Delivery 2-12-86	8. Addressee's Address (ONLY if requested and fee paid)

MESA GRANDE RESOURCES, INC.

1200 PHILTOWER BUILDING
 TULSA, OKLAHOMA 74103
 (918) 587-8494

January 7, 1986

Mountain States Natural Gas Corporation
 Post Office Box 35426
 Tulsa Oklahoma 74153

Re: Gavilan #2 Well
 SE/4, Section 26-25N-2W
 Rio Arriba County, New Mexico

Gentlemen:

The Gavilan #2 Well has been recently connected to a gas marketing facility by Northwest Pipeline Corporation. Currently, the necessary pressure tests and calibrations are being performed in preparation for first sales. We expect this well to be in a steady production status on or around February 1, 1986.

Pursuant to the farmout agreement between E. Alex Phillips and Mountain States Natural Gas Corporation ("Mountain States") dated September 1, 1983, we are now requesting that an assignment of Mountain States' interest under the subject well be delivered to E. Alex Phillips. This assignment should be prepared and submitted on the Federal Form 3106-14, "Transfer, Assignment, or Sublease of Operating Rights in Oil and Gas Lease." I have caused a copy of this form to be enclosed, already completed with what we believe the proper assignment information should be.

Please prepare and return four copies of the required assignment, all of which should have original signatures. The Bureau of Land Management requires three for recording and we would like to retain an original for our files.

If you have any questions, please contact me at your earliest convenience. Thank you for your attention to this matter.

Sincerely,

Gregory R. Phillips
 Gregory R. Phillips

GRP:dw
 Enclosure

Certified Mail P167-504-829

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Mountain States Natural Gas	Street and No. Box 35426	P.O., State and ZIP Code Tulsa 74153	Postage \$.22	Certified Fee .75	Special Delivery Fee	Restricted Delivery Fee	Return Receipt Showing to whom and Date Delivered .70	Return to address showing to whom, Date, and Address and Delivery \$ 1.67	TOTAL Postage and Fees \$ 2.37	Postmark Date JAN 13 1986	Assignment (Farmout) GAVILAN #2 WELL
--	-----------------------------	---	------------------	----------------------	----------------------	-------------------------	---	---	-----------------------------------	------------------------------	---

2. Restricted Delivery.

3. Article Addressed to:
 Mountain States Natural Gas Corp.
 Box 35426
 Tulsa, Oklahoma 74153

4. Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Express Mail

Article Number
 P167-504-829

Always obtain signature of addressee or agent and
 DATE DELIVERED.

Signature - Addressee
[Signature]

Signature - Agent
[Signature]

Date of Delivery
 JAN 13 1986

Addresser's Address (ONLY if requested and fee paid)
 JAN 13 1986

MESA GRANDE RESOURCES, INC.

1200 PHILTOWER BUILDING

TULSA, OKLAHOMA 74103

(918) 587-8494

October 17, 1985

Mr. Albert J. Blair
Post Office Box 35426
Tulsa, Oklahoma 74153

Re: Designation of Successor Operator
Gavilan #1 Well
N/2, Section 26-26N-2W
Communitization Agreement
Gavilan #2 Well
S/2, Section 26-25N-2W
Rio Arriba County, New Mexico

Dear Mr. Blair:

Please find enclosed a "Designation of Successor Operator" form which has been prepared such that it designates Mesa Grande Resources, Inc. as the Operator of the above referenced unit. Originally, I neglected to show you as a working interest owner and recently received a letter from the Bureau of Land Management, calling this to my attention. In order to assist us, would you please execute all four signature pages, notarize all acknowledgments and return them to me at your earliest convenience?

I have also enclosed a copy of our Communitization Agreement for the Gavilan #2 well. Please execute three signature pages, and have them attested and notarized. Please return them to me in the enclosed, self-addressed envelope.

I appreciate your prompt attention to this matter. Thank you.

Sincerely,

Diane Wehrenberg
Land Department

dw
Enclosures

E. Alex Phillips
Oil and Gas Exploration

1200 Philhower Building
Tulsa, Oklahoma 74103

June 12, 1985

Telephone
918-587-8494

Mountain States Natural Gas
Corporation
Post Office Box 35426
Tulsa, Oklahoma 74153

Re: Gavilan #2 Well
S/2, Section 26-25N-2W
Rio Arriba County, New Mexico
Communitization Agreement

Gentlemen:

In compliance with the Bureau of Land Management regulations and recording requirements, please find enclosed a "revised" Communitization Agreement on the Gavilan #2 Well referenced above. We have found it necessary to make revisions on signature pages and exhibits, and would like to submit the entire document for your review and execution.

Please return three executed signature pages and notarized acknowledgments to us for forwarding to the Bureau of Land Management. You may keep the Agreement for your files.

If you have any questions regarding this procedure, please do not hesitate to contact me collect at the above number. Thank you for your prompt assistance to this matter.

Sincerely,

Diane Wehrenberg
Land Department

dw
Enclosures

MESA GRANDE RESOURCES, INC.

1200 PHILTOWER BUILDING

TULSA, OKLAHOMA 74103

(918) 587-8494

July 26, 1984

Mr. Jack Blair
Mountain States Natural Gas Corporation
Post Office Box 35426
Tulsa, Oklahoma 74153

Re: Cavilan #2 Well
S/2, Section 26-25N-2W
Rio Arriba County, New Mexico

Dear Mr. Blair:

Enclosed is a copy of the Division Order Title Opinion for the above mentioned well. The requirements which most directly pertain to your interest in the well are Requirements "BB", "DD", "EE" & "VVV."

Requirement "BB": This has been furnished to our title attorney in Roswell, New Mexico.

Requirement "DD": I have enclosed four copies of two separate Division Orders for your execution. Please return three each to this office and retain one copy for your records.

Requirement "EE": We anticipate beginning our completion operations on this well during the latter part of July. Upon fully completing the well, I shall formally request that you assign us your interest.

Requirement "VVV": I would appreciate it if you would go back into your records and comply with this requirement.

I have also enclosed a copy of the Declaration of Pooling and two signature pages and acknowledgments as well as a copy of the new Communitization Agreement and three signature pages and a ratification with its own acknowledgment. Please execute all these pages and return them to our office.

As you are well aware, I cannot take your account out of the "suspense" status until I receive all the information requested. Your prompt help and cooperation would be most beneficial to all concerned.

Our farmout file is not complete as we are not in receipt of a signed Farm-out Agreement. Would you please forward a copy for us?

Very truly yours,

Michael L. Wallace
Land Manager

MLW:dw
Enclosures

E. ALEX PHILLIPS

1200 PHILTOWER BUILDING

TULSA, OKLAHOMA 74103

March 26, 1984

Mr. Jack Blair
Mountain States Natural Gas Corporation
Post Office Box 35426
Tulsa, Oklahoma 74153

Re: Communitization Agreement
South Half, Section 26
Township 25 North, Range 2 West
Rio Arriba County, New Mexico

Dear Mr. Blair:

On January 17, 1984, we mailed you a copy of the above mentioned Communitization Agreement along with three signature pages for your execution. We requested that you return two executed pages to us for forwarding to the Bureau of Land Management as well as for recording purposes in Rio Arriba County, New Mexico.

As of this date, we have not received the executed signature pages nor have we heard from you regarding this matter. It is essential we finalize this Communitization Agreement and anticipate hearing from you in the near future.

Your help and prompt cooperation are very much appreciated.

Very truly yours,

Diane Wehrenberg
Land Department

dw

P.S. Would appreciate receiving the executed Farmout Agreement too!

MESA GRANDE RESOURCES, INC.

**1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494**

January 17, 1984

Northwest Pipeline Corporation
1125 Seventeenth Street
Suite 2140
Denver, Colorado 80202

RECEIVED JAN 23 1984

Re: Communitization Agreement
South Half, Section 26
Township 25 North, Range 2 West
Rio Arriba County, New Mexico

Gentlemen:

Enclosed is a copy of the above mentioned Communitization Agreement as well as three signature pages for your execution. Please sign all pages, retain one for your files, and return two pages to us. We will forward one executed signature page to the Bureau of Land Management and use the other signature page for recording purposes in Rio Arriba County.

Your help and prompt cooperation is greatly appreciated as we look forward to spudding this well in the very near future.

If you find that I can be of any help, please do not hesitate to contact me.

Very truly yours,

Michael L. Wallace

Michael L. Wallace
Land Manager

MLW:dw
Enclosures

Attached letter sent on MESA GRANDE RESOURCES, INC. letterhead to the following parties:

Mr. W. W. Oatman
433 Perry-Brooks Building
Austin, Texas 78701

Mr. Kingsley Durant
Hooper, Kimball, Williams, Inc.
125 High Street
Boston, Massachusetts 02110

Mr. Howard Bass
P C Ltd.
Post Office Box 911
Breckenridge, Texas 76024

Kistler Investment Company
10 East 53rd Street
New York, New York 10022

Mr. Ralph Gilliland
7420 Caruth
Dallas, Texas 75222

Northwest Pipeline Corporation
1125 Seventeenth Street, Suite 2140
Denver, Colorado 80202

Mr. Kirby Hunt
Reading & Bates Petroleum Company
3200 Mid-Continent Building
Tulsa, Oklahoma 74103

Mr. Jack Blair
Mountain States Natural Gas Corp.
Post Office Box 35426
Tulsa, Oklahoma 74153

Jerome P. McHugh & Associates
650 South Cherry, Suite 1225
Denver, Colorado 80222
Attn: James B. Fullerton
Land Manager

Dugan Production Corporation
Post Office Box 208
Farmington, New Mexico 87499
Attn: Tommy Roberts
Land Manager