



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS ROAD - AZTEC
87410

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

September 11, 1969

Rio Trust
3333 Coast Highway, Suite 504
Newport Beach, California

Re: ~~Rio Trust~~, Little Chama Valley Co. #1
660 feet from the North line and 1380 feet from the West line
Section 2, Township 1 North, Range 2 East
Rio Arriba County, New Mexico

And Rio Trust. Sargent #1
1445 feet from the South line and 925 feet from the West line
Section 2, Township 1 North, Range 2 East
Rio Arriba County, New Mexico

Gentlemen:

In March, 1969, application for permit to drill was approved for a well designated as your Little Chama Valley Co. #1. Also in March, 1969, a notice of intention to re-enter was approved for a well previously designated as the Rhine Petroleum Industries, Estate of Edward Sargent #1 and now designated as The Rio Trust Sargent #1. This well was plugged and abandoned by the previous operator in 1959.

Although no information has been filed for either operation since that time, we have learned that the Little Chama Valley Co. well was drilled to a depth in excess of 2000 feet and that the Sargent #1 well was in fact re-entered and a completion attempted.

Rio Trust is in violation of the Rules and Regulations of the New Mexico Oil Conservation Commission by failure to file subsequent information on the operations.

I am advising our attorney to set a case for hearing before the Oil Conservation Commission within the next thirty days to have Rio Trust and their bonding company show cause why Rio Trust should not comply with Commission rules and to show cause why these wells should not be plugged and abandoned in accordance with the requirements of the Commission.

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Please also be advised that any plugging program for either of these wells must be approved by the Commission prior to commencing plugging operations. This cannot be done until Commission form C-105, Well Record Form, has been filed for the Sargent #1 well showing the formation record and showing what casing has been installed in the well. Form C-103, Sundry Notices and Reports, must be filed showing what operations were performed on the Little Chama Valley Co. #1 well.

Yours very truly,

Emery C. Arnold
Supervisor, District #3

ECA:mc

cc: General Insurance Co. of America
5455 Wilshire Blvd.
Suite 1806
Los Angeles, California

Mr. George Hatch, Assistant Attorney General
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Santa Fe, New Mexico