

Case No.

1069

Application, Transcript,
Small Exhibits, Etc.

CASE 1069: OCC application calling for plug-
ging of well (D*Spain #1 Well, NE/4, NW/4, Sec.
12-6N-6E

Call from D'Spain:

needs water, must haul
from Estancia.

wants action against

Parnell

Sweetman

Aday

to release well on
his property. Ascertains
they have not worked
well in 15 months.

Filed affidavit of non-
development and non-pay-
ment of rental Jan 31, 58
giving them 30 days
to remove pipe & turn well
over to him.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 10, 1956

C
O
P
Y

Mr. R. M. Parsons
Schlin-Irvin-Crowell & Co.
355 Myrtle Avenue
El Paso, Texas

Re: John A. Aday & George A. Sweetman,
\$5,000 one-well bond, NE/4 NW/4
Sec. 12, T-6-N, R-6-E, American
Employers' Ins. Co. Bond SY-197618

Dear Sir:

Reference is made to your letter of April 6th pertaining to the
above-captioned bond.

Our engineer, Mr. Dan Mutter, advised me that he has given an
Affidavit of Responsibility, Conversion to a Water Well, to the operators
and it will have to be executed by them and the land owner. Upon receipt
of this affidavit we will be in a position to cancel the bond and will
notify you of termination.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary - Director

ALP:brp

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 23, 1956

C
O
P
Y

Messrs. John A. Aday
~~625 Mission NE~~
~~Albuquerque, New Mexico~~

George A. Sweetman
P. O. Box 162
Estancia, New Mexico

Re: Sweetman and Aday
D'Spain No. 1
NE/4 NW/4 Sec. 12,
T-6N, R-6E
Torrance County, New Mexico.

Gentlemen:

A recent review of the well file and other records pertaining to the above-captioned well reveals these following facts:

1. The well was commenced on or about April 30, 1952.
2. The present depth of 1343 feet was reached in January or February, 1954.
3. Approximately 1240 feet of 6 inch casing was run and cemented with 131 sacks of cement in February, 1954. The casing parted however at approximately 790-800 feet below the surface. A string of drilling tools is cemented in the casing at a point just below the casing break.
4. No productive work has been performed on the well since at least October, 1954.

-2-

Mr. John A. Aday
Mr. George A. Sweetman
March 23, 1956

It is the opinion of the engineering staff of this Commission that due to the present mechanical condition of the hole and the equipment in the hole, there is no practical manner in which this hole can be economically completed. Your actions in long delaying any attempt to complete the well confirm this opinion.

In view of the above facts, this office is of the opinion that you or the Surety Company bonding your performance in the drilling of this well should take immediate action to plug and abandon the well. An alternate to plugging is to plug the well back to a point just below productive water sand and transfer the well to the landowner for his use as a water-well, providing he is agreeable to such transfer and will assume future responsibility for the well.

If no action to dispose of the well in one of the above described methods has been taken on or before April 23, 1956, this Commission will advertise a case for its regular May 18th hearing at which time you shall be required to show cause why the subject well should not be ordered plugged.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh
cc: American Employeas Insurance Company
Echlin-Irvin-Crowell
355 Myrtle Avenue
El Paso, Texas

BEFORE THE
Oil Conservation Commission

SANTA FE, NEW MEXICO
May 16, 1956

IN THE MATTER OF:

CASE NO. 1069

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 16, 1956

IN THE MATTER OF:

Application of the Oil Conservation Commission
upon its own motion for an order calling for the
plugging of a well in the event the operator and
surety company fail to show cause why such order
should not be entered. Applicant, in the above-
styled cause, seeks an order directed to George
A. Sweetman and John A. Aday and to American Em-
ployers' Insurance Company declaring the D'Spain
No. 1 Well, located in the NE/4 NW/4 Section 12,
Township 6 North, Range 6 East, Tarrant County,
New Mexico, abandoned and ordering it plugged,
and directing said George A. Sweetman and John
A. Aday and American Employers' Insurance Com-
pany to appear before the Oil Conservation Com-
mission at 9 o'clock a.m. on May 16, 1956, and
show cause why such order should not be issued.

Case No.
1069

BEFORE:

Mr. A. L. Porter
Mr. E. S. (Johnny) Walker

TRANSCRIPT OF HEARING

MR. PORTER: The next case will be 1069.

MR. GURLEY: Case 1069 is the application of the Oil Con-
servation Commission upon its own motion for an order calling for
the plugging of a well in the event the operator and surety company
fail to show cause why such order should not be entered.

If it please the Commission, at this time the parties in this
case have consulted on the matter and they are attempting to
reach an agreement as to just how the well should be plugged within
the rules and regulations of the Commission, and they are both
agreeable and I therefore move we continue the case until the
regular June hearing.

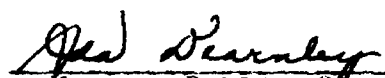
MR. PORTER: Is there objection to the continuance of Case 1069? It will be continued to June 14.

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 22nd day of May, 1956.


Notary Public-Court Reporter

My commission expires:
June 19, 1959.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 21, 1956

C
O
P
Y
Employers Group Insurance Companies
Albuquerque Claim Department
2508 Central, SE
Albuquerque, New Mexico

Attention: Mr. W. E. Welch

Re: Sweetman and Aday
D'Spain No. 1
Torrance County, N. M.

Gentlemen:

Reference is made to your letter of May 18, 1956, wherein you inquire about the feasibility of plugging the above-captioned well or transferring it to the land-owner for his use as a water-well.

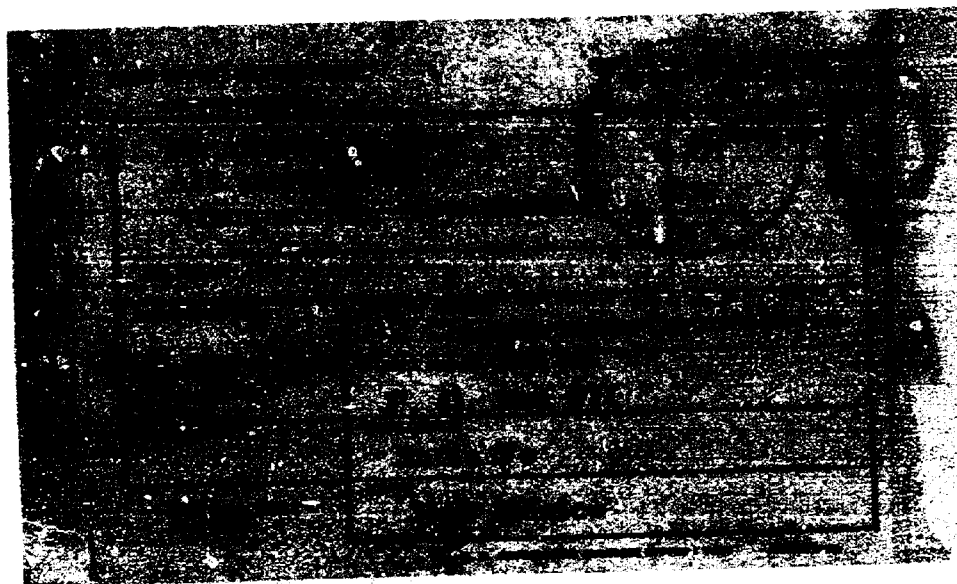
We are extremely anxious to conclude this matter at the earliest possible date. It was scheduled for hearing on May 16 but was continued to the June 14 hearing in the hopes that the differences between operators and land-owner might be resolved at a meeting scheduled to be held in this office at 10 o'clock a.m., May 24, 1956. Whether a well is plugged or converted to a water-well is immaterial to us, so long as the job is properly done. We feel that the interests of both parties must be protected, and that we will probably have to take cognizance of a clause in this particular lease contract which requires that if a dry hole be drilled by the operators, it shall revert to the land-owner as a water-well.

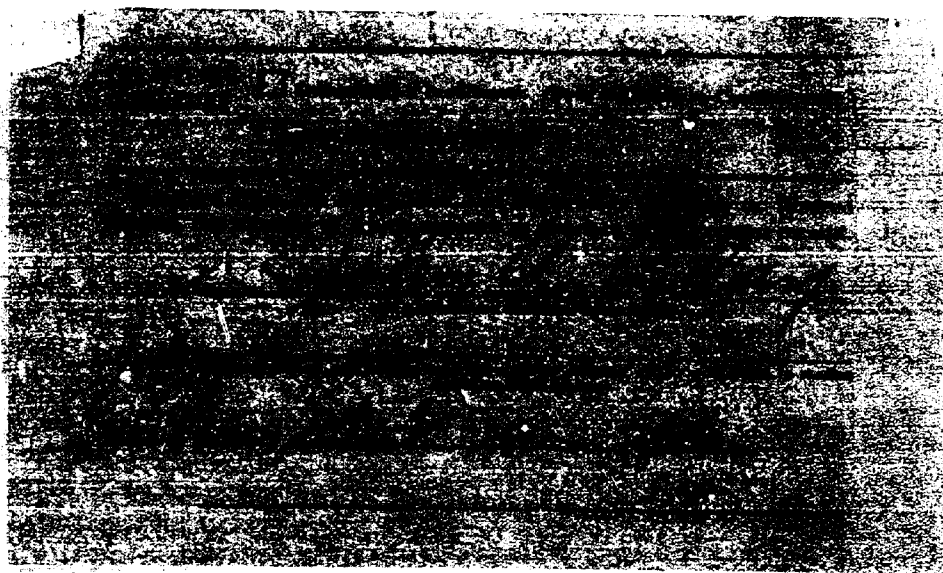
We shall advise you as soon as something definite has been worked out in this case, and the bond can be released.

Very truly yours,

D. S. Nutter
Petroleum Engineer

DSN:jh







The EMPLOYERS' GROUP Insurance Companies

The EMPLOYERS' Liability Assurance Corporation, Ltd.

The EMPLOYERS' Fire Insurance Company

AMERICAN EMPLOYERS' Insurance Company

ALBUQUERQUE CLAIM DEPARTMENT
2508 CENTRAL, S. E. ALBUQUERQUE, NEW MEXICO

New Mexico Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

May 18, 1956

Attention: Mr. Dan Nutter

Re: Sweetman and Aday, D'Spain No. 1
NE/4 NW/4 Sec. 12, T-6N, R-6E
Torrance County, New Mexico

Dear Mr. Nutter:

We are at the present time attempting to conclude the handling of a one-well drilling bond on the above captioned well since you have now placed our company as the surety on notice.

The correspondence in our file indicates that the above captioned principals are having considerable difficulty with the surface owner at this particular well site even though Mr. Sweetman and Mr. Aday are desirous of plugging this well. There seems to be some misunderstanding as to whether or not this well should be left as a water well for the surface owner to use and we are wondering if your most recent inspections indicate whether or not this well can be left as a water well or whether it will have to be plugged. If the well has to be plugged, will you please advise us what procedure we will have to take in order to bypass the surface owner to get on the land.

Very truly yours,

W. E. Welch
W. E. Welch,
Adjuster

WEW:cc

MAIN OFFICE
The Planters Mutual Insurance Company

(INCORPORATED FEBRUARY 15, 1930)

GEORGE A. SWEETMAN, General Manager

Branch Office Box 162

ESTANCIA, NEW MEXICO

May 22-56

New Mexico State Oil Com.
State Capitol
Santa Fe,
N.M.

Gentlemen;

After thinking the matter over I can see no good of me creating more expense and spending valuable time running back and forth, therefor I do not think I will be there Thursday.

All I ask for is the equipment borrowed and the things that is rightfully mine, the privilege to recover what casing possible or if DeSpain wishes to pull the casing for half as he suggested once that will be O.K. with me starting around 400ft. if it will not pull there try 350 which is only 28 ft below where the main water was

One third of the casing on the ground is rightfully mine, and I do not wish to relinquish any thing I have an interest in even to junk.

I am willing to pull casing and plug at bottom if necessary and at top according to law if the land owner does not have a written permit from the oil commission.

I even own a third interest in the new cable bought just before we postponed operation, but might consider releasing that if I got what else belongs to me otherwise I would rather use the money and time running back and forth for an att. and go at it right.

A heavy shot at the depth specified with a strain on the casing I feel sure will release the casing. I am quit sure, and the above is all I wish to consider and the other interests can consider the above and act accordingly,

Yours truly

Geo. A. Sweetman
Geo. A. Sweetman

NEW MEXICO
12 MAY 24 1956
Case 1069

Memo

6/26/56

From

dm

OK
Wmm 6/26/56

To Jwg Re: Case 1069

I believe its OK to issue an order in this case directed to Sweetman & Aday and the ins. company directing them to plug the well.

Include the following findings:

1. The well was commenced on or about April 30, '52
2. It reached its present total depth on or about Feb 10, '54.
3. No work has been per-

formed since ~~was~~
about Nov. 10, 1954

4. That for all practical purposes the well has been abandoned by Sweetman & Aday
5. That landowner Cecil D'Spain made an appearance at the hearing and offered testimony and exhibits to show that the original lease agreement provided that he would get the well for a water well if it were a dry hole
6. That said Cecil D'Spain

³ Memo

From

To have a permit from
the State Engineer ~~to~~ to
complete and produce
^{domestic} a water well within the
declared Estancia Under-
ground Water Basin

7. That the Sweetman & Hay
D'Spain No. 1 encountered
a water sand at
approximately 322'

8. That the well should
be plugged to a 375'
depth of appray ~~350'~~

Memo

From

~~by setting a bridging~~
To by shooting off and
pulling the six inch
casing at the lowest
point possible, filling
the hole with heavy mud
to a depth of ^{400'}~~375'~~, and
setting a cement plug
from ^{400'}~~375'~~ to ^{375'}~~350'~~.

Specify in the order that
the work must be commenced
not later than 30 days after
date of order and that it is
to be completed within an add'l 30 days.



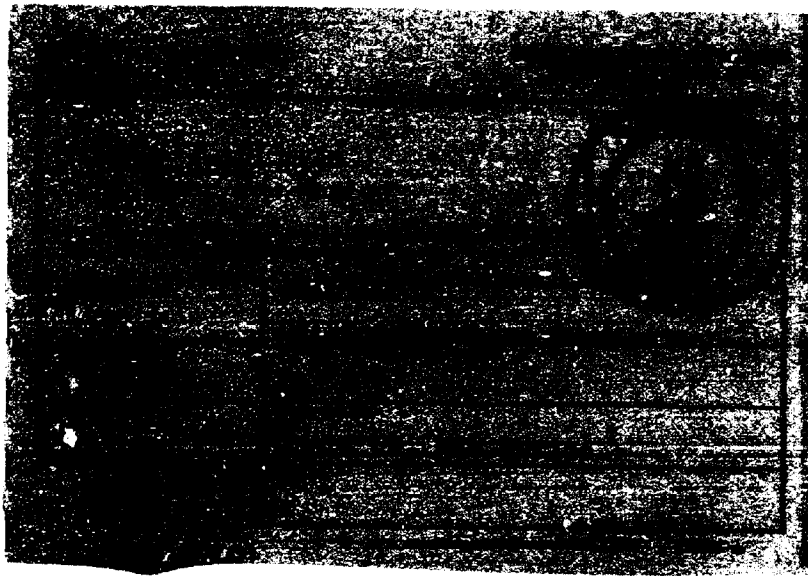
RECEIPT FOR CERTIFIED MAIL—15¢

Nº 548324

SENT TO <i>Cecil G. D'Spain</i>		POSTMARK OR DATE
STREET AND NO.		
CITY AND STATE <i>Kynsue, N. M.</i>		
If you want a return receipt, check which <input type="checkbox"/> It shows to whom and when delivered <input type="checkbox"/> It shows to whom, when, and address where delivered		If you want restricted delivery, check here <input type="checkbox"/> 20¢ fee

POD Form 3800
July 1955

Replaces previous editions of
this form which MAY be used.



1. Stick postage stamps to your letter to pay:
 - 15-cent certified mail fee
 - First-class or airmail postage
 - Either return receipt fee (*optional*)
 - Restricted delivery fee (*optional*)
 - Special-delivery fee (*optional*)
2. If you want this receipt postmarked, stick the gummed stub on the address side of the letter, leaving the receipt attached, and present the letter to a postal employee.
3. If you do not want this receipt postmarked, stick the gummed stub on the address side of the letter, detach and retain the receipt, and mail the letter.
4. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card and attach it to the back of the letter.
5. Save this receipt and present it if you make inquiry.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 12, 1956

C
O
P
Y

Mr. Cecil J. D'Spain
Tajique, New Mexico

Dear Sir:

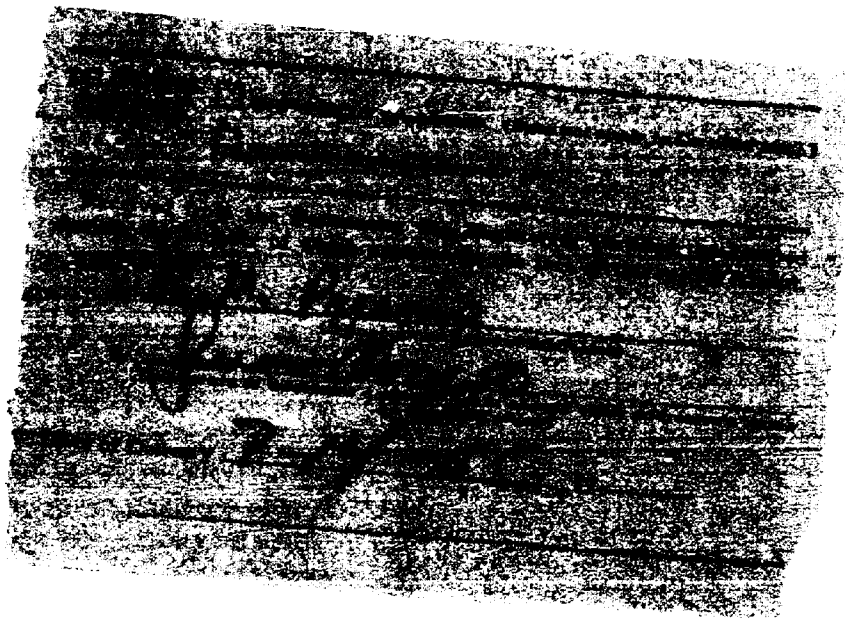
We enclose a copy of Order R-844, issued July 12, 1956, by the Oil Conservation Commission in Case 1069, which was heard on June 14th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp

CERTIFIED MAIL
RETURN RECEIPT REQUESTED



No 548325

RECEIPT FOR CERTIFIED MAIL—15¢

SENT TO <i>Chlin - Irvin Crowell</i>		POSTMARK OR DATE
STREET AND NO. <i>Box 1739</i>		
CITY AND STATE <i>El Paso, Tex.</i>		
If you want a return receipt, check which		
<input type="checkbox"/> It shows to whom and when delivered	<input type="checkbox"/> It shows to whom, when, and address where delivered	If you want restricted delivery, check here
		<input type="checkbox"/> 20¢ fee

PDN Form 3800
July 1955

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 12, 1956

C
O
P
Y

Mr. R. M. Parsons
Echlin-Irvin-Crowell & Co.
P.O. Drawer 1739
El Paso, Texas

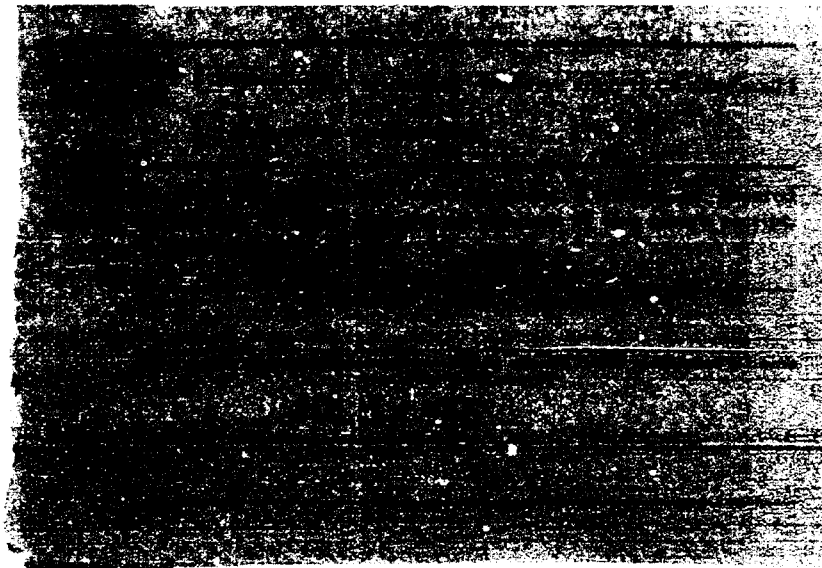
Dear Sir:

We enclose a copy of Order R-844 issued July 12, 1956, by the Oil Conservation Commission in Case 1069, which was heard on June 14th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
CERTIFIED MAIL
RETURN RECEIPT REQUESTED



Nº 548326

RECEIPT FOR CERTIFIED MAIL—15¢

SENT TO <i>Rep. A. Sweetman</i>		POSTMARK OR DATE
STREET AND NO. <i>Box 162</i>		
CITY AND STATE <i>Estancia, N. M.</i>		
If you want a return receipt, check which		If you want restricted delivery, check here
<input type="checkbox"/> 7¢ shows to whom and when delivered	<input type="checkbox"/> 31¢ shows to whom, when, and address where delivered	<input type="checkbox"/> 20¢ fee

POD Form 3800
July 1955

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 - Special-delivery fee (*optional*)
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OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

July 12, 1956

C
O
P
Y

Mr. George A. Sweetman
P.O. Box 162
Estancia, New Mexico

Dear Sir:

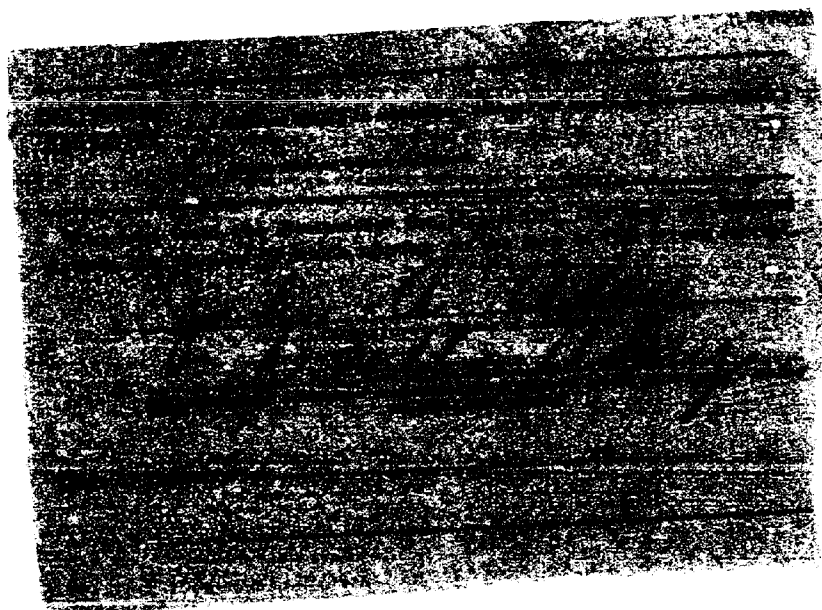
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Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

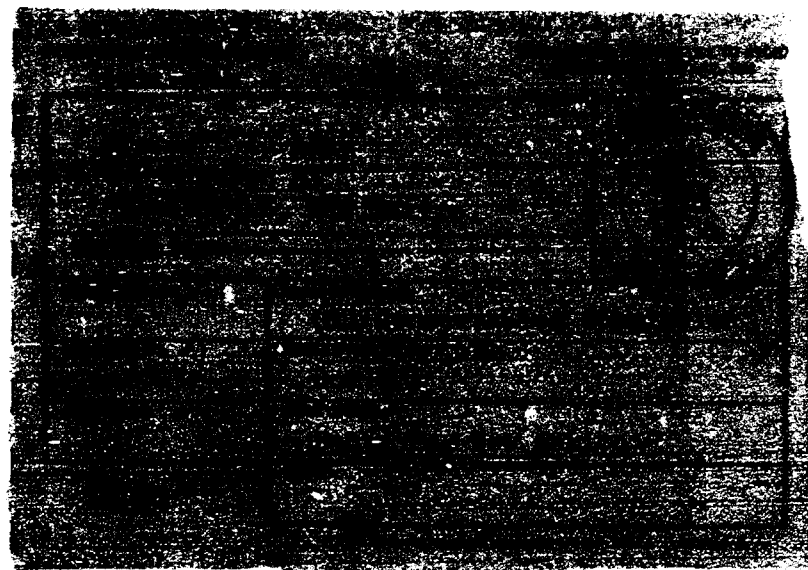


No 548323

RECEIPT FOR CERTIFIED MAIL—15¢

SENT TO <i>John A. Adair</i>		POSTMARK OR DATE
STREET AND NO. <i>625 Mission, VE</i>		
CITY AND STATE <i>Albany</i>		
<input type="checkbox"/> If you want a receipt, check which 7¢ shows to whom and when delivered		<input type="checkbox"/> If you want restricted delivery, check here 20¢ fee

POD Form 3800 July 1955 Replaces previous editions of this form which MAY be used.



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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 12, 1956

C
O
P
Y

Mr. John A. Aday
625 Mission NE
Albuquerque, New Mexico

Dear Sir:

We enclose a copy of Order R-844 issued July 12, 1956, by the Oil Conservation Commission in Case 1069, which was heard on June 14th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

FILED OFFICE 600

REC'D CIV. DIV. PM 1:11

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1069

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 14, 1956

IN THE MATTER OF:

Application of the Oil Conservation Commission upon its own motion for an order calling for the plugging of a well in the event the operator and surety company fail to show cause why such order should not be entered. Applicant, in the above-styled cause, seeks an order directed to George A. Sweetman and John A. Aday and to American Employers' Insurance Company declaring the D'Spain No. 1 Well, located in the NE/4 NW/4 Section 12, Township 6 North, Range 6 East, Torrance County, New Mexico, abandoned and ordering it plugged, and directing said George A. Sweetman and John A. Aday and American Employers' Insurance Company to appear before the Oil Conservation Commission at 9 o'clock a.m. on May 16, 1956, and show cause why such order should not be issued.

Case No.
1069

BEFORE:

Mr. A. L. Porter
Mr. E. S. (Johnny) Walker
Honorable John F. Simms, Jr.

TRANSCRIPT OF HEARING

MR. PORTER: The next case will be Case 1069.

MR. GURLEY: Application of the Oil Conservation Commission upon its own motion for an order calling for the plugging of a well in the event the operator and surety company fail to show cause why such order should not be entered. Applicant, in the above-styled cause, seeks an order directed to George A. Sweetman and John A. Aday and to American Employers' Insurance Company declaring the D'Spain No. 1 Well, located in the NE/4 NW/4 Section 12, Township 6 North, Range 6 East, Torrance County, New Mexico, abandoned and ordering it plugged, and directing said George A.

Sweetman and John A. Aday and American Employers' Insurance Company to appear before the Oil Conservation Commission at 9 o'clock a.m. on May 16, 1956, and show cause why such order should not be issued.

We have one witness for the Commission.

D A N N U T T E R

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. GURLEY:

Q Would you state your name, please?

A Dan Nutter.

Q What is your position?

A Petroleum Engineer with the Oil Conservation Commission.

Q You have qualified before this Commission before?

A Yes, sir, I have.

Q In your official capacity as engineer for the Oil Conservation Commission in New Mexico, have you had an opportunity to investigate the factual situation involving this case?

A Yes, sir, I have.

Q In said investigation, Mr. Nutter, when did you find that the D'Spain No. 1 well commenced drilling operations?

A This well was commenced April the 30th, 1952, according to our records.

Q When was this well abandoned?

A The last report that we had of any work being done on the well to complete it as an oil well was in November or December of 1954.

Q Mr. Nutter, have you received any agreement or papers of

agreement as required by Rule 203 concerning leaving this well as a fresh water well?

A We've discussed this matter with the land owner and with the operators who drilled the well. However, as yet there has been no agreement reached on our affidavit of responsibility for conversion of the well to a water well. However, the well will not probably ever be completed as an oil well and I recommend that the Commission enter an order ordering it plugged in accordance with the proper rules of the Commission. However, I believe that the land owner wants to make a statement with reference to plugging the well up to the water sand. He wants it for his use as a water well.

Q Have you received, as required by Rule 203, any papers of agreement among the parties, that is has it been filed with the Commission?

A No, sir, it has not been filed with the Commission.

Q To leave it as a water well?

A No, sir, it has not been filed with the Commission yet.

MR. GURLEY: That is all.

MR. PORTER: Anyone have a question of Mr. Nutter? The witness may be excused.

(Witness excused.)

MR. PORTER: The next witness, please.

MR. COKER: I am Gordon Coker of Coker, Boyd and May in Albuquerque, and I represent the lessor, Mr. D'Spain. We would like for him to take the witness stand.

MR. PORTER: Yes, sir.

C E C I L D ' S P A I N

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. COKER:

Q Will you please state your name to the Commission?

A Cecil D' Spain.

Q Mr. D' Spain, are you the owner of the land involved where this well drilled by the partnership of George A. Sweetman, John Aday and W. Parnall was drilled? A I am.

Q I hand you this instrument and ask you to state what that is, please.

A That is a lease and supplemental drilling contract.

Q That is executed by yourself as lessor and the other parties as lessees? A Yes, sir.

MR. COKER: If the Commission please, we move for the admission of the lease and the supplemental agreement which provides for turning over of this well.

MR. PORTER: Are there objections to the admittance of this exhibit? If not it will be admitted.

Q Mr. D' Spain, were you paid any consideration for this lease and the supplemental agreement? A No.

MR. COKER: If the Commission please, this lease is dated the 29th day of January, 1952 on the regular Form 88, Producer's Revised, New Mexico Producers Oil and Gas Lease, which among other things provides for the continuance of operations with due diligence; attached to it and a part thereof is a supplemental drilling agreement, among other things, which provides that the undersigned parties agree that if a well is drilled and no production is had, but instead a supply of water in useable quantities is reached, that such well will be preserved for the use of the lessors according

to the regulations of the governing State body.

Q Now, Mr. D' Spain, since this well was abandoned on or about November, 1954, have the operators done any work whatsoever?

A No.

Q Now, it is my understanding that there is a string of tools lost in the well at approximately 700 feet?

A Yes, sir.

Q What is the total depth of the well approximately, if you know?

A 1,343 I believe was the figure.

Q State to the Commission if you know if there was a water-sand encountered above the lost tools in this well.

A I don't know whether it was a water-sand or just a crevice. There is not much sand in that water, that particular part of the country. It was usually water found and crevices.

Q Was water found in domestic quantity?

A Yes.

Q At what depth?

A I think somewhere, 322.

Q Do you need this water for your ranch?

A I certainly do.

Q Covered in the lease is covered 1510 acres of land?

A Yes.

Q I understand that you are hauling water for your livestock and household use?

A I certainly am.

Q You have discussed this matter with Mr. Sweetman and Mr. Aday, have you not?

A Yes, sir.

Q Have you reached an agreement with Mr. John Aday regarding the turning over of the well to you?

A We agreed that it would be turned over to me.

Q You have entered into a contract and agreement with Mr. Aday, have you not, to purchase his rig and whereby you can plug the well yourself?

A Yes, sir.

Q Have you discussed this matter with the engineer for this Commission, plugging the well?

A I think so. I am not sure whether we did, but I think we did.

Q Have you discussed the matter of tying this well and plugging it with Mr. Sweetman, Mr. George Sweetman, a party to the agreement?

A He wouldn't agree to any part of it.

Q I understand Mr. W. M. Parnell, who is a party, is now deceased?

A That is right.

Q You have been unable to reach an agreement with Mr. Sweetman?

A Yes.

Q At this time it is your desire, as I understand, for an order of the Commission ordering and directing the plugging of the well at approximately 400 feet?

A Yes.

Q In accordance with the rules and regulations of the Commission, so you may use the well as a water well?

A Yes, sir.

Q You have agreed to do, and have reached an agreement with Mr. Aday who is one of the bonded operators, and the consideration is settled between you two?

A That is right.

Q But not with respect to Mr. Sweetman?

A That is right.

Q It is impossible for you to arrive at an agreement with him?

A Yes.

MR. COKER: I think that is all.

MR. PORTER: Any questions?

MR. GURLEY: Yes, I have some.

CROSS EXAMINATION

By MR. GURLEY:

Q Have the drillers made any attempt to come on your land to plug this well?

A No, sir, they came up there and was measuring it, but they have made no attempt to plug it.

Q Have you had any conversation with them about the plugging of it?

A I have. It all reverted back to the same thing, that Mr. Sweetman when he would agree to something, by the time we would get things wrote up, he wouldn't agree to that, he wanted something else. It has been a continuation of practically give him everything. but the deed to the place to get him to turn the water well over to me.

Q Have you at any time attempted to file this lease in which the agreement was made that there would be left to you this water well should there be no production of oil?

A I didn't understand the first part of your question.

Q Have you made any attempt to file with the Commission under the Rule 203 of the Commission's Rules and Regulations, have you made an attempt to file this lease before with the Commission?

A Well, I don't know. I have filed the lease with them, I think that they have seen the lease. I had a copy made of the lease this last week, but I didn't think I had time to get it up here and Mr. Coker has it there.

MR. GURLEY: That is all I have.

By MR. NUTTER:

Q Is this well located in a declared water basin as declared by the State Engineers' Office? A I believe it is.

Q Do you have a permit from the State Engineers' Office for the completion of a water well there? A I do.

MR. PORTER: Any questions? If no further questions, the witness may be excused.

(Witness excused.)

MR. PORTER: Do you have another witness?

MR. COKER: I believe I would like to call Mr. Aday.

J O H N A D A Y

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. COKER:

Q Mr. Aday, you were present during the testimony of witness D' Spain, were you not? A Just now?

Q Yes.

A Yes.

Q And you are familiar with the exhibit which has been introduced in evidence as the Oil and Gas Lease, and the Supplemental Agreement concerning the drilling of this well and the turning of the water well in the event of a dry hole to Mr. D' Spain?

A Yes.

Q You are a party to both of those instruments, are you not, as one of the lessees? A Yes.

Q And Mr. Parnell is now deceased?

A That is my understanding.

Q I submit to you, Mr. Aday, a contract and agreement dated May the 25th, 1956, and ask you if that is a contract between you and Mr. D' Spain with reference to the turning over of the well

insofar as you are concerned?

A That is right.

Q To him for a water well?

A That is right.

Q Stating the consideration that he is to plug the well at his expense and that you are delivering to him certain consideration, the tools and so forth, as a part of the consideration for his doing that?

A Yes. I sold him the rig and in the deal, well, he was going to take over this --

Q (Interrupting) Obligation?

A Yes. Of course, we haven't, this obligation, we haven't got it signed up yet.

Q Well, of course, any contract or agreement you make with Mr. D' Spain is subject to the approval of the Commission with respect to plugging that well, and the plugging of it is going to be supervised.

A That is the way I believe.

Q You did have a plugging bond?

A That is right.

Q And of course your bonding company is concerned about the matter too? As far as you are concerned as the lessee in this contract and agreement, it is your desire to carry out your contract with Mr. D' Spain and turn this well to him as a dry hole?

A That is right.

Q Which does have water potential?

A That is right.

Q Do you know whether or not Mr. Sweetman is present at this hearing?

A Well, I haven't seen him and I understand by Mr. Nutter that he wouldn't be present.

MR. NUTTER: He called and said he wouldn't be here.

Q Have you been present in any discussion with Mr. Sweetman and Mr. D' Spain with respect to trying to settle and compromise this matter?

A Yes, I have. It is like Mr. D' Spain says, we think we get something settled, well, he wants something else then, so we haven't yet, as yet got this paper turned over to Mr. D' Spain.

Q In other words, Mr. Aday, two or three occasions you have arrived at an agreement that was satisfactory to all three of you?

A I thought so.

Q When that agreement has been reduced to writing there has been objection raised, new objection by Mr. Sweetman?

A Well, it's in one case, well, in the first case, well, the papers didn't suit Mr. D' Spain and then since then they haven't suited Mr. Sweetman. Therefore, we just haven't got --

Q (Interrupting) Would you state, I don't know if the Commission would be concerned with it, but the consideration of the plugging of this well at his expense, he is to receive certain pipe in the hole?

A That is what Mr. Sweetman and I decided. Of course, at one time Mr. D' Spain, I talked to him, we didn't go into details and he said he would plug it for half the casing. We didn't go into details on it and you, as his lawyer, he said he would have you look at it, but after you looking at it he didn't.

Q He had to pull the pipe that he was to receive?

A Yes.

Q And also to plug the well satisfactorily to the engineer and this Commission. There is no conflict, I understand, at all now between you and Mr. D' Spain, nor has there really ever been?

A Well, there has been on, you know, more or less some. But as far as this is concerned though, we are in agreement to turn it over to him.

MR. COKER: I don't know if the Commission would be concerned about the private agreement between the parties or not.

Q But all the matters have been settled between you now, subject to satisfying Mr. Sweetman and Mr. D' Spain with reference to any claimed interest he may have in the pipe in the hole?

A Well, he now, and I talked of turning this over to Mr. D' Spain and that's all I know about it.

Q You live in that locality, don't you?

A Yes.

Q Do you know whether or not Mr. D' Spain needs that water?

A Well, it is like some gentleman said, all the people in the southwest need water.

MR. COKER: We offer this contract and agreement.

MR. PORTER: Without objection it will be admitted.

MR. COKER: We submit to the Commission that the parties which we have no complaint against Mr. Aday to reread the paragraph in supplemental agreement which was issued coincidental to the date of the lease on January, 1952. "The undersigned parties", that includes Mr. Sweetman who is not here this morning, "The undersigned parties agree that if a well is drilled and no production is had but instead a supply of water in useable quantities is reached, that such well will be preserved for the use of the Lessor according to the regulations of the governing state body."

That is what Mr. D' Spain wants. He wants this water. well, naturally, because it is valuable to him and to his 1510 acres.

I believe that is about our position.

MR. PORTER: Anyone else have a question of Mr. Aday?

MR. GURLEY: I would like to question the witness.

CROSS EXAMINATION

By MR. GURLEY:

Q What is the present condition of the well, Mr. Aday?

A Well, I don't know exactly what you have reference to there, but the six inch casing is in the hole.

Q Well, now, have you or Mr. Sweetman at any time since the ceasing of operations on this well made an attempt to go on to Mr. D' Spains property and plug the well or make it into a water well?

A Well, it's like I said, we went up and measured it, and after we done the measuring as such, Mr. Sweetman left the premises and I talked to Mr. D' Spain that we were looking for someone to plug the well for us, or to help us. That's when he and I talked of the one-half deal.

Q Well, now, as I understand it, you told him you were looking for someone to help plug the well. Was it your intention to plug it completely or plug it back to the water level?

A That is what we had in mind, but I rather think now, of course I don't like to speak for Mr. Sweetman since he isn't here, but we came to see Mr. Nutter one day or two before and I was under the impression that he wanted to turn it over to Mr. D' Spain with the pipe in it, or plug the top. Now, that's, I can't speak for him, but that is what I was under the impression that Mr. Sweetman wanted to do was to put a plug in the top or turn it over to him just like it stood. We got this form, forms that we haven't yet been able to sign.

Q Well, now, did Mr. D' Spain at any time refuse to let you on the premises?

A No.

Q For the purpose of plugging the well?

A No.

Q Are you familiar, sir, with our rules concerning plugging, mainly Rule 202-C, which states, "When drilling operations have been suspended for sixty days the well should be plugged and abandoned unless a permit for temporary abandonment should be obtained from the Commission"?

A Well, no, I am not too familiar with it, although we did get some temporary abandonments all right, but they run on and on over the sixty days as far as that goes.

Q Did you receive a temporary abandonment permit from the Commission?

A You know I can't tell you, but I was under the impression we had one. I couldn't tell you, maybe Mr. Nutter could tell you.

Q Let me put my question that way. Did you talk to Mr. Nutter on several occasions within the sixty-day period after the operation ceased or on any occasion?

A No, I wouldn't say after the sixty days. No, I couldn't say for I kept thinking that through the parties that was involved we might get the well finished, but we didn't.

MR. GURLEY: That is all the questions I have.

MR. PORTER: Any other questions of the witness? Does anyone have anything further to state in this case? The witness may be excused and we will take the case under advisement. We will take a short recess.

(Witness excused.)

(Recess.)

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 20th day of June, 1956.

Ada Dearnley
Notary Public - Court Reporter

My commission expires:
June 19, 1959.

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 1089
Order No. R-844**

**THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
DIRECTING GEORGE A. SWEETMAN
AND JOHN A. ADAY, OPERATORS,
AND AMERICAN EMPLOYERS INSURANCE
COMPANY, SURETY, TO SHOW CAUSE
WHY OPERATORS' D'SPAIN NO. 1 WELL
LOCATED IN THE NE/4 NW/4 OF
SECTION 12, TOWNSHIP 6 NORTH,
RANGE 6 EAST, NMPM, TORRANCE
COUNTY, NEW MEXICO, SHOULD NOT
BE DECLARED ABANDONED AND ORDERED
PLUGGED IN ACCORDANCE WITH NEW
MEXICO OIL CONSERVATION COM-
MISSION'S STATEWIDE RULES AND
REGULATIONS.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

**This cause came on for hearing at 9 o'clock a.m. on
May 16, 1956, and at 9 o'clock a.m. on June 14, 1956, at Santa
Fe, New Mexico, before the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission".**

**NOW, on this 12th day of July, 1956, the Com-
mission, a quorum being present, having considered the application
and the evidence adduced at said hearing, and being fully advised
in the premises,**

FINDS:

**(1) That due notice of the time and place of hearing
and the purpose thereof having been given as required by law, the
Commission has jurisdiction of this case and the subject matter
thereof.**

**(2) That operators' D'Spain Well No. 1, located in the
NE/4 NW/4 of Section 12, Township 6 North, Range 6 East, NMPM,
Torrance County, New Mexico, was commenced on or about April 30,
1952.**

**(3) That said well was drilled to present depth of
1343 feet on or about February 10, 1954.**

(4) That no work has been performed on said well since on or about November 10, 1954.

(5) That for all practical purposes the well has been abandoned by the operators, George A. Sweetman and John A. Aday.

(6) That an appearance was entered at the hearing by Cecil D'Spain, land owner, at which time evidence was adduced to show that the original lease agreement between the parties provided that if a well were drilled and no production had, but a supply of water in useable quantities reached, that such well would be preserved for the use of the lessor as a water-well, and further that the original lease was entered as an exhibit therein.

(7) That the Sweetman and Aday D'Spain No. 1 Well encountered a water sand at approximately 322 feet.

(8) That said D'Spain No. 1 Well is located within the declared Estancia Underground Water Basin, and that the land owner, Cecil D'Spain, has obtained a permit from the State Engineer to complete and produce a domestic water well within the said Estancia Underground Water Basin.

(9) That evidence adduced at the hearing failed to show cause why said well should not be declared abandoned and ordered plugged.

(10) That said well should be plugged back to a depth of approximately 350 feet.

(11) That a one-well bond in the amount of \$5,000.00 was executed on Commission Form 39-B1 for the said D'Spain No. 1 Well with George A. Sweetman and John A. Aday as principal and American Employers' Insurance Company as surety on the 15th day of March, 1952. The said bond is now on file with the New Mexico Oil Conservation Commission.

IT IS THEREFORE ORDERED:

1. That George A. Sweetman and John A. Aday, operators of the D'Spain No. 1 Well, located in the NE/4 NW/4 of Section 12, Township 6 North, Range 6 East, NMPN, Torrance County, New Mexico, and the American Employers' Insurance Company, surety on the plugging bond for said well, be and the same are hereby ordered to plug said D'Spain Well No. 1 by filling same with mud to approximately 400 feet, and by setting a cement plug from 400 feet to 375 feet, and to backfill the pits, level the location and clear it of all junk.

2. That the aforesaid work shall be commenced not later than 30 days immediately following the date of this order and further that said work shall be completed not later than 60 days from the date of this order.

-3-

Order No. R-844

IT IS FURTHER ORDERED:

That should George A. Sweetman, John A. Aday and American Employers' Insurance Company, or either of them fail for any reason to comply with all the provisions of Paragraph 1 and 2 of this order, then the Commission be and the same is hereby authorized to take whatever action necessary to plug said D'Spain No. 1 Well; and in such event, to proceed against the American Employers' Insurance Company, surety, under the terms of the one-well bond for said well, for any liability or expense incurred by the Commission in plugging said well.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. D. Walker
E. D. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



1r/

OIL AND GAS LEASE

AGREEMENT, Made and entered into this 29th day of January, 1952

by and between.....

CECIL J. D'SPAIN and ELSY HELEN D'SPAIN, his wife,

of Estancia, New Mexico,

Party of the first part, hereinafter called lessor (whether one or more) and

GEORGE A. SWEETMAN, JOHN A. ADAY and L. M. PARNELL,

Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One Dollar and other valuable consideration ~~payable~~ cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, as granted, demised, leased, and let and by these presents does grant, demise, lease and let unto the said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, powers, stations and structures thereon to produce, save and take care of said

products, all that certain tract of land situate in the County of Torrance State of New Mexico, described as follows, to-wit:

A tract of land in Tajique Grant described as follows: Beginning at a point S. 0 deg. 24' E. at a distance of 1349 ft. from the SW corner of Sec. 6-6-7; thence S. 89 deg. 31' E. 6321 ft; thence S. 89 deg. E. 2710 ft; thence 0 deg. 2' E. 5429 ft; thence N. 89 deg. 31' E. 6532 ft; thence S. 30 deg. 40' E. 1749 ft; thence N. 89 deg. 31' E. 747 ft; thence N. 30 deg. 40' E. 1749 ft; thence N. 89 deg. 31' E. containing 1096.40 acres more or less.

Another tract in the Tajique Grant bounded on the N. by Cecil D'Spain, E. Grant Land, S. Tajique Hwy. W Bill Mangum, containing 414 acres.

of Section..... Township..... Range..... and containing 1510 acres, more or less.

It is agreed that this lease shall remain in force for a term of ten years from date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

In consideration of the premises the said lessee covenants and agrees:

FIRST. To deliver to the credit of lessor, free of cost, in the pipe line to which he may connect his wells, the equal of one-eighth ($\frac{1}{8}$) part of all oil produced and saved from the leased premises.

SECOND. To pay lessor for gas from each well where gas only is found, the equal one-eighth ($\frac{1}{8}$) of the gross proceeds at the prevailing market rate, for all gas used off the premises, said payments to be made quarterly and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said land during the same time by making his own connections with the well at his own risk and expense.

THIRD. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, one-eighth ($\frac{1}{8}$) of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used, said payments to be made quarterly.

If no well be commenced on said land on or before the 18th day of January, 1953, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit

in the Bank at or its successor or successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets, or any part thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of the said land, the sum of

--- THREE HUNDRED SEVENTY SEVEN and 50/100 (\$377.50)

DOLLARS,

which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be a dry hole or cease to produce, then and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as before provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells of lessor.

When requested by the lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to growing crops on said lands.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years herein, first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a certified copy thereof. In the event of the death of lessor or his successor in title, any rental payment which may be made hereunder shall be deposited in the depository bank to the credit of the estate of such deceased lessor or his successor in title until lessee shall have been furnished with certified copies of all muniments of title derailing title from such deceased lessor or successor in title to the person succeeding to such interest. And it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands which the said lessee or any assignee thereof shall make due payment of said rentals. An assignment of this lease, in whole or in part, shall as to the extent of such assignment relieve and discharge the lessee of all obligation hereunder.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee may at any time surrender this lease, in whole or in part, by delivering or mailing a release to the lessor, or by placing a release of record in the proper county.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

EXHIBIT No. 1

CASE 2069

IN TESTIMONY WHEREOF, we sign the day and year first above written.

George A. Sweetman (SEAL)
John A. Aday (SEAL)
L. M. Parnell (SEAL)

Cecil J. D'Spain (SEAL)
Elsy Helen D'Spain (SEAL)

STATE OF NEW MEXICO,
County of Torrance } ss. (Acknowledgment for Individual)
On this 31 day of January, 1952, before me personally appeared
CECIL J. D'SPAIN and ELSY HELEN D'SPAIN, his wife,
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they
executed the same as their free act and deed.
Witness my hand and official seal the day and year last above written.
My commission expires April 10, 1954 Postoffice Mountain View, N.M.
Notary Public

STATE OF NEW MEXICO,
County of Torrance } ss. (Acknowledgment for Individual)
On this 31 day of January, 1952, before me personally appeared
GEORGE A. SWEETMAN, JOHN A. ADAY and W. M. PARNELL
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they
executed the same as their free act and deed.
Witness my hand and official seal the day and year last above written.
My commission expires April 10, 1954 Postoffice Mountain View, N.M.
Notary Public

STATE OF NEW MEXICO,
County of _____ } ss. (Acknowledgment for Corporation)
On this _____ day of _____, 19____, before me personally appeared
to me personally known, who being by me duly sworn did say that he is the _____ president of
_____ and that the seal affixed to said instrument is the
corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and
said _____ acknowledged said instrument
to be the free act and deed of said corporation.
Witness my hand and official seal the day and year last above written.
My commission expires _____ Notary Public

No. _____
Oil and Gas Lease
FROM _____
TO _____
Date _____, 19____
Section _____, Township _____, Range _____, County, New Mexico
No. of Acres _____ Term _____
STATE OF NEW MEXICO,
County of _____ } ss.
This instrument was filed for record on the _____ day
of _____, 19____
at _____ o'clock _____ M., and duly recorded
in book _____ page _____ of the
records of this office.
County Clerk—Register of Deeds
by _____ Deputy
RECORD AND MAIL TO:
Burkhardt Printing & Stationery Co., Tulsa, Okla.

STATE OF NEW MEXICO,
County of _____ } ss. (ACKNOWLEDGMENT WHERE THE LESSOR SIGNS BY MARK)
On this _____ day of _____ A. D., 19____, before me, the undersigned, a Notary Public, in and for the County and
State aforesaid, personally appeared _____
and _____
to me known to be the identical person who executed the within and foregoing instrument by _____ mark _____ in my presence
and in the presence of _____ and _____
as witnesses, and acknowledged to me that _____
executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
Given under my hand and seal of office the day and year last above written.

My commission expires _____ Notary Public
NOTE—The signature by mark of a lessor who cannot write his name must be witnessed by two witnesses, one of whom must write lessor's name near such mark.

SUPPLEMENTAL AND DRILLING AGREEMENT

This instrument is by reference made a part of an Oil and Gas Lease executed between Cecil J. D'Spain and Elsy Helen D'Spain, his wife, Lessor, and George A. Sweetman, John A. Aday and W. M. Parnell, Lessee, of even date and hereinafter referred to as "the lease";

WITNESSETH:

Lessee agrees to diligently work to completion any well commenced as provided in Lease or in this instrument.

Lessee agrees to locate the first well to be drilled in the acre on the property described in Lease and further agrees to commence said well within a period of forty-five (45) days from the execution of this instrument, unless prevented from so doing by act of God or reason or reasons beyond control of Lessee.

Lessee agrees that any such well so commenced will be drilled to the depth of Four Thousand Feet (4,000') unless/unpenetrable formation is first encountered.

Lessee reserves option to proceed to a greater depth.

The undersigned parties agree that if a well is drilled and no production is had but instead a supply of water in useable quantities is reached, that such well will be preserved for the use of the Lessor according to the regulations of the governing state body.

Lessee will proceed to choose a forty (40) acre drilling site by survey description and as soon as practicable after such survey is completed, the said area so surveyed and described will be attached hereto and made a part hereof.

Lessee agrees that once a producing well is brought in that Lessee will drill two (2) additional wells within a period of three (3) years from the date of such producer.

Lessee agrees that within a period of forty-five (45) days from the execution hereof, a Star 12 Drilling Rig in good condition and with all necessary tools to drill a 16" hole, with necessary reductions, to a depth of 4000' will be moved

onto the property described herein.

It is agreed by the undersigned that any necessary shut down due to the war emergency or to any impossibility in acquiring necessary and required repairs and/or material, that such shut down will not be considered an abandonment of the work as long as Lessee makes diligent effort to obtain such repairs or material.

Lessee agrees that only an experienced superintendent of drilling will be in charge at any and all times, and that such superintendent will be the sole advisor as to the method of operations, subject, however, to the approval of the Lessee.

Lessor herein agrees to pay cost for abstract continuation to date of the execution of this instrument. Lessee agrees to pay additional costs for filing and/or abstracting as result of negotiations or transactions in regard to this lease or transactions subsequent hereto.

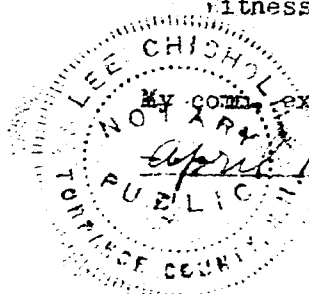
Witness our hands and seals this 29th day of January, 1952.

Cecil J. D'Spain
Elsy Helen D'Spain
Lessor
W. H. Whitman
W. H. Whitman
Lessee

STATE OF NEW MEXICO)
COUNTY OF Torrance) ss.

On this 31 day of January, 1952, before me personally appeared Cecil J. D'Spain and Elsy Helen D'Spain, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal one day and year last above written.



My comm. expires:

April 10, 1954

Lee Chisholm
Notary Public

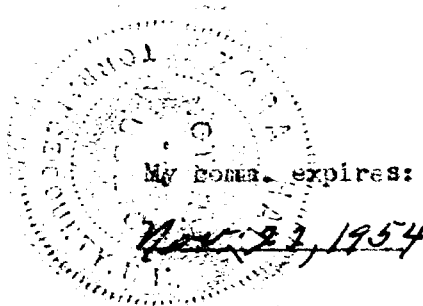
STATE OF NEW MEXICO

COUNTY OF Torrance

ss.

On this 31 day of January, 1952, before me personally appeared George A. Sweetman, ~~John A. Sweetman~~, John A. Adair and L. M. Parnell, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.



George A. Sweetman
Notary Public

CONTRACT AND AGREEMENT

1 This contract and agreement made and entered into this 25th day of
2 May, 1956 by and between John A. Aday, party of first part, and Cecil D'Spain,
3 party of the second part, WITNESSETH:

4 WHEREAS, First Party and his associates have drilled a well on land
5 of the Second Party in search of oil and/or gas, but due to considerable
6 difficulties have been unable to complete said well and have abandoned the same,
7 and
8

9 WHEREAS, Second Party has agreed that he will relieve First Party and
10 his associates from the responsibility of filling pits, clearing the location of
11 all junk and plugging the said well for the purpose of using the same as a water
12 well.
13

14 Second Party has this date purchased from First Party a 48 Star Standard
15 Drilling Rig, fully equipped and including all tools and equipment used in connec-
16 tion therewith, for and in consideration of the sum of \$2,000.00 and the perform-
17 ing the plugging of the well, clearing the location of all junk and filling the pits.
18 It being understood and agreed that Second Party is to also have all casing in
19 the well, ~~and one third of the casing above the ground.~~ Second Party excepts from
20 the equipment used in connection with the said drilling rig one small electric
21 welder which is to be retained by First Party.
22

23 It is agreed and understood that the sum of \$2,000.00 shall be
24 paid to first party from the proceeds of one-half of the profit derived from the
25 use of said rig, interest free, doing custom work for the drilling and servicing
26 of ~~water~~ wells. It being understood that Second Party is not to charge
27 Driller's wages against the work performed for his own services in arriving
28 at the profit earned by said rig. Second Party agrees to maintain an accurate
29 statement of his earnings from the use of said rig, which said statement shall
30 be furnished to First Party upon request, and the profit divided after each job.
31

32 It is specifically understood and agreed that Second Party is a farmer
and rancher and devotes his full time to the same during the crop season and

COKER, BOYD & MAY
ATTORNEYS AT LAW
515 CENTRAL AVENUE N.E.
ALBUQUERQUE, NEW MEXICO
PHONES: 2-1252 - 3-0844

J.A.
J.A.

C.D.
J.A.

COKER, BOYD & MAY
ATTORNEYS AT LAW
515 CENTRAL AVENUE N.E.
ALBUQUERQUE, NEW MEXICO
PHONES: 2-1252 - 3-0844

1 that he does not contemplate using said rig for custom work except in the off
2
3 season for his farming operations.

4 It is specifically agreed and understood that the said John A. Aday
5
6 certifies and guarantees to Second Party that there are to be no liens of any
7 nature against said casing, drilling rig and other equipment.

8 This contract shall be binding on the heirs, administrators and
9 assignees of parties hereto. Executed in triplicate the day and year first
10 herein above written.

11
12 John A. Aday
First Party
13
14 Cecil D'Spain
Second Party

15
16 STATE OF NEW MEXICO)
17) ss.
18 COUNTY OF BERNALILLO)

19 On this 25 day of May, 1956, before me personally appeared
20 Cecil D'Spain, to me known to be the person described in and who executed
the foregoing instrument and acknowledged that he executed the same as his
free act and deed.

21 Witness my hand and seal the day and year last above written.

22
23 My commission expires:

24 9-24-56

Dorothy W. Coker
Notary Public

25
26 STATE OF NEW MEXICO)
27 Towance) ss.
28 COUNTY OF BERNALILLO)

29 On this 31 day of May, 1956, before me personally appeared
30 John A. Aday, to me known to be the person described in and who executed
the foregoing instrument and acknowledged that he executed the same as his
free act and deed.

31 Witness my hand and seal the day and year last above written.

32 My commission expires:

Nov. 22, 1958

James C. Hall

Albuquerque, New Mexico, Jan 23, 1956

Messrs, George A. Sweetman,
John A. Aday,
W. M. Parnett.

RE: Oil and Gas Lease dated January 29, 1955.

Gentlemen:

I am enclosing herewith a copy of "Affidavit of Non-development and Non-payment of Rental" as to the above mentioned lease, which I am filing for record in the office of County Clerk of Torrance County, New Mexico. You will please govern yourselves accordingly.

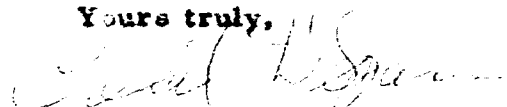
You are further advised that under the Supplemental and Drilling agreement executed in connection with the above mentioned oil and gas lease, I shall expect to take the well drilled on my property for a water well and release you from the plugging bond to the Oil and Gas Conservation Commission of the State of New Mexico. In this connection, you are advised to take such steps as are necessary to turn the well over to me and to do nothing to such well which will render it unusable for water purposes.

You are further advised that you are to remove no equipment from the premises until this water well is properly turned over to me in a preserved condition.

You are further advised that you shall, within thirty (30) days from date of this letter, remove all six inch pipe casing from the well, and plug the well at a depth of 450 feet in order to preserve the condition of the well as required herein, and that you shall not remove any equipment until this well is properly turned over to me.

If after thirty days this work has not been completed, I shall hold your equipment in order to obtain a satisfactory adjustment as to cost of labor and other expenses which will be imposed on me in order to properly preserve this well.

Yours truly,


Cecil J. D'Spain

**AFFIDAVIT OF NONDEVELOPMENT
AND NONPAYMENT OF RENTAL**

FORM NO 28



STATE OF ~~KANSAS~~ **NEW MEXICO**
County of **Bernalillo** } ss.

Cecil J. D'Spain, being first
duly sworn, deposes and says:

That **he** is the present owner of ~~the~~
A tract of land in **Tajique Grant** described as follows: Beginning at a point S. 0 deg. 24' W.
at a distance of 1349 ft. from the SW corner of Sec 6-6-7; thence S. 89 deg. 31' W. 6321 ft;
thence S. 89 deg. W. 2710 ft; thence 0 deg. 2' E. 5429 ft; thence N. 89 deg. 31' E. 6532 ft;
thence S. 30 deg. 40' W. 1749 ft; thence N 89 deg. 31' E. 747 ft; thence N 30 deg. 40' E.
1749 ft; thence N. 89 deg. 31' E. containing 1096.40 acres more or less.
Another tract in the **Tajique Grant** bounded on the N. by **Cecil D'Spain, E. Grant Land,**
S. Tajique Hwy. W Bill Mangus, containing 414 acres.
of Section _____, Township _____, Range _____ in _____

County **Torrance**, which land is described in an oil and gas mining lease executed on
29th day of **January, 1952**

by **Cecil J. D'Spain and Eley Helen D'Spain, his wife**

as lessors, and **George A. Sweetman, John A. Aday and W. M. Parnell**

as lessee, recorded in Book _____, Page _____, in the office of the Register of Deeds of said county.

That since the date of said lease there has been no well drilled upon said land, nor any oil or gas produced therefrom, and that none of the rentals accruing under and by virtue of the terms of said lease have been paid or tendered to affiant or said lessors, or to any bank for their credit, by the lessee, or his agents

or assigns, since **Date of lease**
and further that the lessee and his assigns had actual notice that rentals were payable to affiant under said lease. Affiant states that he has not at any time executed any extension of said original lease, and that the same has expired.

Affiant further states that by reason of the noncompliance with the terms of said lease by lessee and his assigns, affiant hereby declares said lease forfeited, and will not, by acceptance of rentals, or in any other manner, recognize the same as a valid or existing lease.

Cecil J. D'Spain
Eley Helen D'Spain

STATE OF KANSAS,
County of _____ } ss.

_____, being first duly
sworn deposes and says that he is _____ of the _____ Bank of _____
and that the records of said Bank show no rentals
have been at any time deposited in, or tendered to, said Bank under terms of the oil or gas mining lease
above described for the credit of the person who made the above affidavit or the lessor in said lease since _____

NEW MEXICO
STATE OF ~~KANSAS~~
COUNTY OF **Torrance** } ss.

ACKNOWLEDGMENT

BE IT REMEMBERED, That on this **31st** day of **January** in the year of our Lord one thousand
nine hundred and **fifty six**, before me, a Notary Public in and for said County and State, came
Cecil J. D'Spain and **Eley Helen D'Spain**

to me personally known to be the identical person who executed the above and foregoing instrument, and who each dily acknowledged the execution of the same.

In Witness Whereof, I have hereunto set my official signature and affixed my notarial seal the day and year first above written.

My commission expires **January 12, 1959**

Notary Public
Notary Public

Nº 548524

RECEIPT FOR CERTIFIED MAIL—15¢

SENT TO <i>Mr. J. M. Smith</i>		POSTMARK OR DATE									
STREET AND NO. <i>Box 16 A</i>											
CITY AND STATE <i>San Antonio</i>											
<table border="0"><tr><td colspan="2">If you want a return receipt, check which</td><td>If you want re-</td></tr><tr><td><input checked="" type="checkbox"/> It shows to whom and when delivered</td><td><input type="checkbox"/> It shows to whom, when, and address where delivered</td><td>stricted delivery, check here</td></tr><tr><td colspan="2"></td><td><input type="checkbox"/> 20¢ fee</td></tr></table>			If you want a return receipt, check which		If you want re-	<input checked="" type="checkbox"/> It shows to whom and when delivered	<input type="checkbox"/> It shows to whom, when, and address where delivered	stricted delivery, check here			<input type="checkbox"/> 20¢ fee
If you want a return receipt, check which		If you want re-									
<input checked="" type="checkbox"/> It shows to whom and when delivered	<input type="checkbox"/> It shows to whom, when, and address where delivered	stricted delivery, check here									
		<input type="checkbox"/> 20¢ fee									

POD Form 3800
July 1955

Replaces previous editions of
this form which MAY be used.

1. Stick postage stamps to your letter to pay:
 - 15-cent certified mail fee
 - First-class or airmail postage
 - Either return receipt fee (*optional*)
 - Restricted delivery fee (*optional*)
 - Special-delivery fee (*optional*)
2. If you want this receipt postmarked, stick the gummed stub on the address side of the letter, leaving the receipt attached, and present the letter to a postal employee.
3. If you do not want this receipt postmarked, stick the gummed stub on the address side of the letter, detach and retain the receipt, and mail the letter.
4. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card and attach it to the back of the letter.
5. Save this receipt and present it if you make inquiry.

from Bureau of Mines
Socorro

NW 1/4
12-6N-6E

SAMPLE DESCRIPTION

PAGE 1
DATE

DESCR. BY

VALLIANT PRINTING CO., ALBUQUERQUE-88308

COMPANY				WELL NO.				LEASE		COUNTY				STATE				
Sweetman & Aday				Cecil D'Spain				1		Torrance				N. Mex.				
DEPTH		ANHY.	POLY.	SALT	NON-RED SHALE		RED SHALE		SANDSTONE		GRANITE WASH		DOLOMITE		LIMESTONE			MISCELLANEOUS
FROM	TO				%	DESCR.	%	DESCR.	%	DESCR.	%	DESCR.	%	COLOR	DESCR.	%	COLOR	
40	50				Pennsylvanian										100	tan & gray	xtlin	
	60								Tr						"	"	"	
	80														"	"	"	
	96														100	buff	dense	
	110					Tr.									"	dark grey	"	
	130														"	tan	dense	
	140														"	buff	"	
	150					20 Grey sandy									80	"	"	
	160						50 "		50	Green fine								
	180														100	tan Grey	xtlin	
	210					20 Grey			80	Green fine								
	230										100	Salmon						
	240					20 Grey			40	Green fine	40	"						
	290														100	Tan	xtalin	
	310														100	"	"	
	340														100	Grey to tan	"	
	360														"	Tan	"	Tr chert
	370						50 "		50	Green fine								
	400														"	dark tan	"	
	410					10 Grey									90	dark grey	"	
	430								20	Green fine	80	red fine						
	440					20 Green									80	grey green	fine	
	470														100	Tan	very fine	Tr chert
	480					100 Grey												
	490														100	Tan	fine	
	510					100 Grey to black												
	520														100	Tan	fine	
	530					100 Grey to black												
	540								100	green fine mica								
	550						80		20	"								
	560					50 Grey to black			50	green medium								
	580														95	Tan	"	5 chert
	600					100 Grey to black												
	610														100	Tan	xtalin	
	620					80 "			20	Green fine								
	630					25 "			10	Green fine	65	salmon coarse						
	640								80	"					20	Tan	xtalin	
	660														100	"	"	

SAMPLE DESCRIPTION

PAGE 2

DESCR. BY

DATE

VALLIANT PRINTING CO., ALBUQUERQUE-88209

COMPANY					WELL NO.					LEASE		COUNTY					STATE		
Sweetman & Aday					Cecil D'Spain					1		Torrance					N. Mex.		
DEPTH		ANHY.	POLY	SALT	NON-RED SHALE		RED SHALE		SANDSTONE		GRANITE WASH		DOLOMITE		LIMESTONE			MISCELLANEOUS	
FROM	TO				%	DESCR.	%	DESCR.	%	DESCR.	%	DESCR.	%	COLOR	DESCR.	%	COLOR		DESCR.
660	670															100	Tan	xtalin	
	680						50	"	50	Green fine									
	710															100	Tan	xtalin	Tr chert
	720				100	Gray to black													
	730															100	Gray to tan	xtalin	
	740								100	green fine									
	750										100	salmon medium							
	758															100	buff	fine	
	762								100	green fine									
	780						50	"								50	Gray to tan	fine	
	790															100	Gray to tan	fine	
	805								100	clear medium angular									
805	810		No	Sample															
	820															50	Gray		
																50	Tan	xtalin	
	860															100	Gray to tan	fine	
	870										20	Green				80	buff	fine	
	880															100	"	"	
	890				50	black										50	dark tan	xtalin	
	900				50	Gray										50	dark grey	fine	
	910															80	tan	xtalin	
																20	dk grey	fine	
	920				50	black										50	dark grey	coarse	
	930				50	dk grey			20	grey coarse						30	tan mott	xtalin	
930	940		No	Sample															
	950				50	black										50	tan & dk grey	xtalin	chert
	960															100	tan	fine	
	970				50	black										50	dk grey	fine	
	980															100	tan & black	xtalin	chert
	990															80	buff		
																20	tan	fine	chert
	1000															100	tan	fine	
	1010															100	grey & tan	fine	
	1020								10	green fine						90	grey to black	fine	Angular clear
	1030															100	grey	fine	chert
	1040				10	grey			80	grey fine						10	dk grey	fine	
	1050				50	black										50	grey to tan	fine	
	1060				100	grey													
	1070															100	black & white mott	fine	black chert
	1080				40	grey										30	grey	fine	
																30	tan	fine	
	1090															100	dk tan	fine	black chert

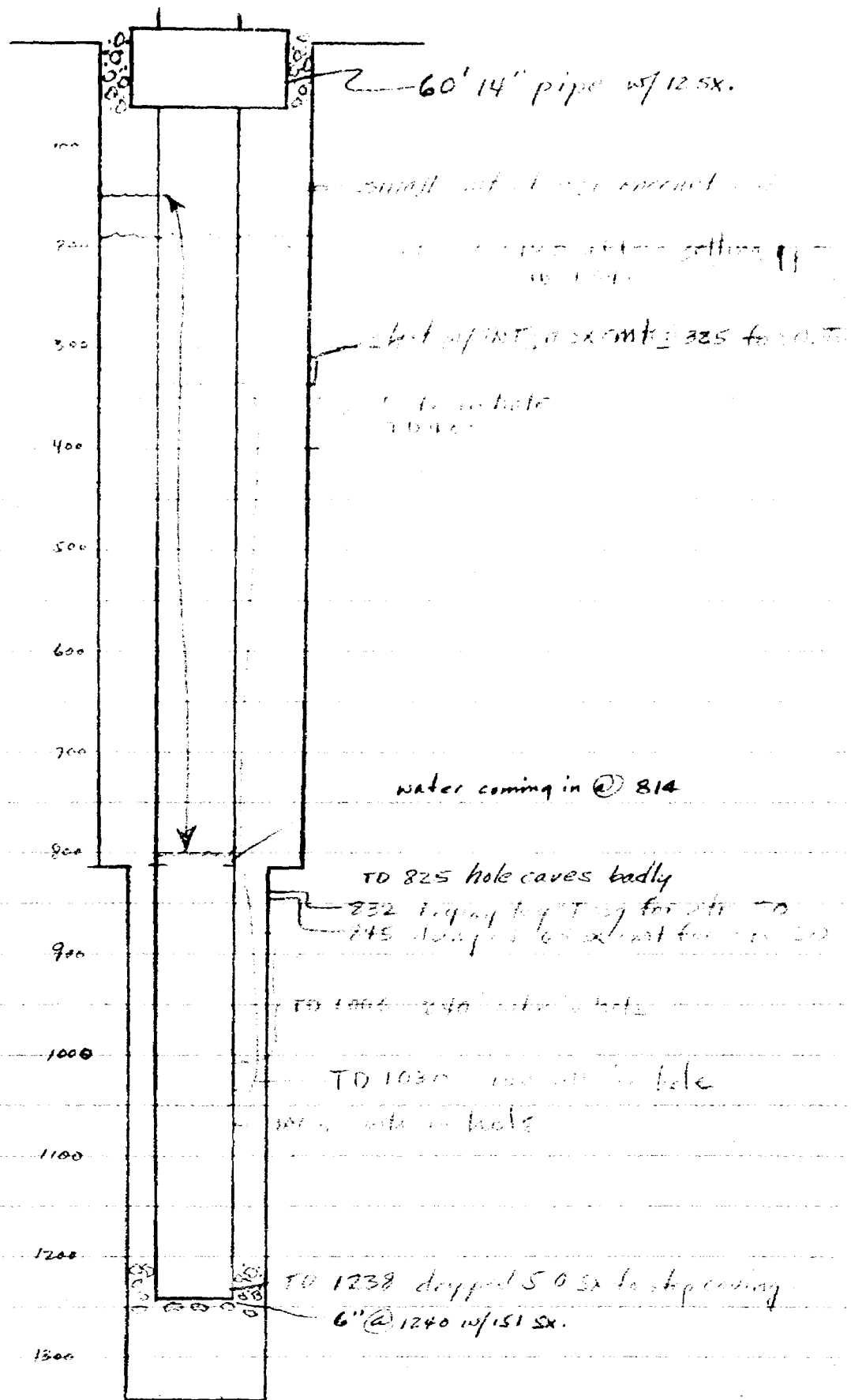
PAGE 3
DATE _____

DESCR. BY _____

VALLIANT PRINTING CO., ALBUQUERQUE--53200

COMPANY					WELL NO.					LEASE		COUNTY					STATE		
Sweetman & Aday					Cecil D'Spain							Torrance					Cal. Mex.		
DEPTH		ANNY.	POLY	SALT	NON-RED SHALE		RED SHALE		SANDSTONE		GRANITE WASH		DOLOMITE			LIMESTONE			MISCELLANEOUS
FROM	TO				%	DESCR.	%	DESCR.	%	DESCR.	%	DESCR.	%	COLOR	DESCR.	%	COLOR	DESCR.	
1090	1110															100	black & white mott fine	black chert	
	1120				50	grey										50	black & white mott fine	chert	
	1140				25	grey			Tr	green fine						"	"	"	
	1170				25	black										20	"	"	
	1180				80	black										50	Grey to Tan	"	
	1240				50	grey	50	red											
	1250				80	grey & red												20 pink quartzite	
1250	1383				Quartzite with opal, microcline and veinlets of calcite -- Pre-Cambrian														
				</															

"bad spot" in casing
 water stands at
 150' in casing
 800' in casing



100' after cmt (Same level as plus for drilling hole)

Break in csg at 814' net 1814'

Bad spot in casing @ 1014'
Set plug below 1014' and forced est 165' behind casing.

6" csg at 1240'
Cmt w/ 151' AL.

Top cmt reported at 1204'

Rpt gas prod: 1008-1020 gas cmt 1008-1020 gas cmt 1100

TD - Gravel to 1343'

1400'

1000'

2000'

3000'

4000'

5000'

6000'

7000'

8000'

9000'

10000'

11000'

12000'

13000'

14000'

Rainbow 812' net 1812'

dropped 5' cmt to bottom filled hole early 21 min. 21 min 341. Dropped 5' cmt. Cmt 17' off bottom.

Rpt good shut off.

1004' Rpt 290' with hole 1030' Had 700' with hole - baled down

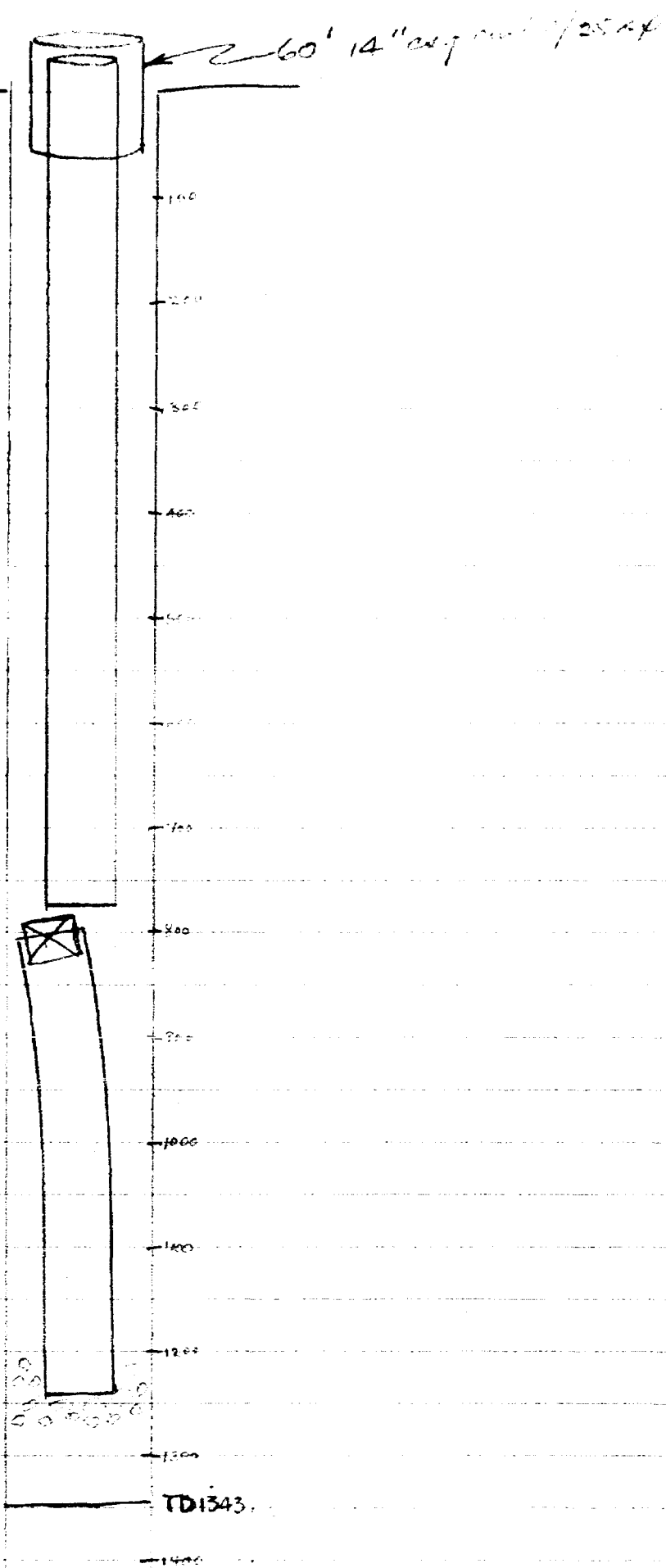
CO to 1030' 1004' Rpt 290' with hole 1030' Had 700' with hole - baled down

cleaned out 1130' - Later connected to 1030', not 1230'

hole cmt - baled to loss of cmt. Dropped 5' cmt in bottom + 10' cmt. Rpt. cmt holding.

Rpt. CO cmt to 1242' have 8' to go.

Well and 4-30-52
 set mpt. Feb 10, 54 Rocked
 1343' max depth
 Run 202 (C)
 P. 19
 set mpt. 7-21-54
 10-15-54
 11-10-54



That break was 1014. Set plug below
 1014, spotted 200 SX cement.

2" cas.
 at 200 ft.

C
O
P
Y

May 16, 1955

Sweetman and Aday Drilling Associates

c/o Mr. John Aday
625 Mission NE
Albuquerque, New Mexico

c/o Mr. George A. Sweetman
Box 162
Estancia, New Mexico

Re: Sweetman & Aday Drig. Assoc.
D'Spain No. 1
NE/4 NW/4 Sec. 12 - T6N - R6E
Torrance County, New Mexico

Gentlemen:

Reference is made to our letter of April 5, 1955, wherein you were granted an extension of forty five days for the temporary abandonment of the above-captioned well. This extension was granted by Mr. E. A. Chaves, Oil and Gas Inspector for Oil Conservation Commission District No. 4, with the understanding that it was to be the final extension of time.

To the best of our knowledge, the well has not been worked during this forty five day period nor has it been properly plugged and abandoned.

We are hereby allowing you an additional thirty day extension of temporary abandonment to expire June 15, 1955.

-2-

C
O
P
Y

During this period of time we shall expect you to arrive at some workable plan for this well and submit it on Form C-102 for approval. This plan can be either for the continuation of drilling or for the plugging of the well. If such has not been done and work is not in progress by June 15, 1955, we shall be required to place this well on the docket for public hearing, and you shall be required to show cause why the well should not be ordered plugged.

Very truly yours,

DANIEL S. NUTTER,
Petroleum Engineer

DSN/tr

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 5, 1955

Mr. George A. Sweetman
P. O. Box 162
Estancia, New Mexico

*45 days Temp and
Apr 1, 55 to May 15*

Re: Sweetman and Aday
Drilling Associates
#1 Cecil D Spain
NEWM Sec. 12-6N-6E
TORRANCE COUNTY

Dear Sir:

I acknowledge receipt of your letter of March 27 wherein you request an extension of time on your temporary abandonment of the captioned well.

Said extension is hereby granted for a period of forty five days from April 1, 1955 on condition that this shall be the final extension of time. If at the end of this period the well is not being worked or properly plugged and abandoned, we shall have to order the well plugged.

Please notify us of your plans and progress.

Very truly yours

EAC

EUGENE A. CHAVIZ
Oil & Gas Inspector Dist. #4

EAC/ga

C
O
P
Y

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Dec 9 54

December 28, 1954

*Temp. and. Jan 1-55
to Mar 31, 55*

C
O
P
Y

Mr. George A. Sweetman
Estancia, New Mexico

Re: Sweetman and Aday Drig. Assoc.
#1 D'Spain
NE NW Sec. 12-6N-6E
Torrance County.

Dear Sir:

Please find enclosed your approved copy of Form C-102, Notice of Intention to Temporarily Abandon, as filed by you for the above captioned well.

You will note that you are now given a period of (ninety days from January 1, 1955.) Should operations be resumed prior to April 1, 1955, you must notify this office of such resumption immediately.

Very truly yours



EUGENE A. CHAVEZ
Oil & Gas Inspector -
District #4

EAC/ga

cc: Mr. William Parnall
Mountainair, New Mexico

encl.