

ENERGY, MINERALS AND NATURAL RESOURCES DEPT.

25-52125

NO. 100875

Official Receipt

Date: May 19 1997

Received from: RC Sunwest Bank

Dollar Amount 3500.00

DR CR.	AMOUNT NUMBER	CENTER NUMBER	CREDIT AMOUNT	DEPOSIT NUMBER	WORK ORDER NO.
60	04104290	05010			
60	04104291	05010			
60	04103450	05010			
60	04103451	05010			
60	04103410	05010			
60	04104210	05010			
60	04104240	05010			
60	9990	2501	3500.00		
60					
60					
60					

Smith Well
Oil + Gas Reclamation

TOTAL

3500.00

Fund - Cash Bonds Well Plugging

By: JCS

95-125/1070

31005

CASHIER'S CHECK

REMITTER Sunwest Bank

FOR OCD Case No. 11486
Smith Well

SUNWEST

DATE May 15, 1997

PAY

~~SUNWEST~~ 3.500dol's00cts

\$ 3,500.00

PAY TO THE
ORDER OF

****Oil and Gas Reclamation Fund****

SUNWEST BANK OF RIO ARRIBA, N.A.
1123 RIVERSIDE DR. N. • ESPANOLA, NM 87532

BY

Gene Sanchez
AUTHORIZED SIGNATURE

⑈031005⑈ ⑆107001258⑆04 0647831 3⑈

CASHIER'S CHECK

REMITTER Sunwest Bank

FOR OCD Case No. 11486

Smith Well

PAY



\$3,500.00

DATE May 15, 1997

31005

95-125/1070

PAY TO THE
ORDER OF

Oil and Gas Reclamation Fund

SUNWEST BANK OF RIO ARRIBA, N.A.
1123 RIVERSIDE DR. N. • ESPANOLA, NM 87532

BY Gene Sanchez
AUTHORIZED SIGNATURE

⑈031005⑈ ⑆107001258104 0647831 3⑈

Thx.
Rand

Please deposit and
provide me with a receipt.

To: Eva

Memorandum from RAND L. CARROLL
Date 5/19/97



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 13, 1997

President
Sunwest Bank of Rio Arriba, N.A.
P.O. Box 8
Española, NM 87532

RE: (i) OCD Case No. 11486--Application of the OCD to plug the Smith Well No. 1 located in Rio Arriba County, NM operated by Walter J. Cambern dba Cambern & Associates Oil and Gas

(ii) Cash Plugging Bond for \$5,000 held by Sunwest Bank of Rio Arriba, N.A., Chama, NM
Operator: Cambern & Associates Oil and Gas
Obligee: State of New Mexico Oil Conservation Division

Dear President--Sunwest Bank of Rio Arriba, N.A.:

Enclosed is a copy of a March 11, 1997 letter sent to Sunwest Bank of Rio Arriba along with copies of: (i) Order No. R-10564 entered in OCD Case No. 11486, and (ii) the \$5,000 cash bond held by Sunwest Bank of Rio Arriba, N.A., Chama, New Mexico, which were enclosed with the letter.

The State of New Mexico had to plug this well at a cost of \$3,500 under a contract with Triple P Well Service of Farmington, New Mexico. The contract was issued pursuant to a competitive bid process under applicable state contracting procedures.

We are hereby requesting payment of \$3,500 from said cash bond for partial reimbursement for plugging this well under the terms of the "Assignment of Cash Collateral Deposit", a copy of which is attached to the copy of the cash bond. Please make the check payable to "Oil and Gas Reclamation Fund" and send it to my attention at "OCD, 2040 S. Pacheco, Santa Fe, NM 87505". Once we receive the \$3,500 payment, we will release any further claim on the bond.

It has now been two months since the March 11, 1997 letter was sent. We would appreciate the courtesy of a response. If you have any questions, please call me at 505/827-8156.

Sincerely,

Rand Carroll
Legal Counsel

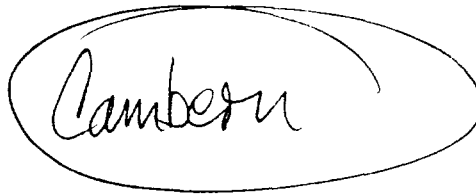
cc: Gene Sanchez, Vice President, Sunwest Bank of Rio Arriba, N.A.

May 2, 1996



Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 S Pacheco
Santa Fe, New Mexico 87505

Re: Case No. 11486
Order No. R-10564



Gentlemen:

Please provide us with more information, account number, etc., as to the cash bond you refer to in paragraph 4, Order of Division.

To expedite this information, please fax it to my attention at (505)753-4838.

Very truly yours,

A handwritten signature, "Gene Sanchez", is written in a cursive script. The signature is fluid and somewhat stylized, with the last name "Sanchez" being more prominent.

Gene Sanchez

GS:ba

(4) In compliance with the New Mexico Oil Conservation Division ("Division") Rules and Regulations the operator posted a one-well cash plugging bond in November, 1987 in the amount of \$5,000.00 that was deposited into Sunwest Bank of Rio Arriba, N.A. in Chama, New Mexico.

(5) The purpose of said bond is to assure the Division that the subject well will be properly plugged and abandoned when not capable of commercial production.

(6) At this time, the Division seeks an order directing the operator to pay the costs of such plugging and if the operator fails to do so, make demand upon Sunwest Bank of Rio Arriba, N. A. to pay the Division so much of the funds as is necessary to pay the costs of plugging said well.

(7) The above-described Smith Well No. 1 has not produced hydrocarbon substance or has otherwise been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(8) By virtue of the failure to use the subject well for a beneficial purpose or to have an approved current temporary abandonment permit, the well is presumed to have been abandoned.

(9) The current condition of the subject well is such that if action is not taken to properly plug and abandon this well, waste may occur, correlative rights may be violated, and/or fresh water may be contaminated.

(10) Neither the operator, a bank representative, nor any other interested parties appeared at the hearing, either in support of or in opposition to this matter.

(11) Said Smith Well No. 1 should be plugged and abandoned in accordance with a program approved by the supervisor of the Aztec District Office of the New Mexico Oil Conservation Division as soon as possible.

(12) Further, the Division should be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned at which time the Director of the Division shall make demand upon Sunwest Bank of Rio Arriba, N. A. to pay the Division so much of the funds as is necessary to pay the costs of plugging said well.