



**Old Republic Surety Company
Old Republic Insurance Company
Bituminous Casualty Corporation
International Business & Mercantile REassurance Company**

P.O. Box 1635, Milwaukee, WI 53201
Phone: (414) 797-2640 / Fax: (414) 797-9495

July 10, 1996

Rand Carroll, Esq.
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe. NM 87505

Re: **Claim No.:** 21346
Bond No.: ~~LSC 659001~~
Principal: Spur Oil, Inc.
Company: Old Republic Insurance Company
Ref: Samantha #1, L-26-28N-01E, API #30-039-23442
Samantha #2, K-26-28N-01E, API #30-039-23444
Samantha #3, N-26-28N-01E, API #30-039-23446
Gonzales 13, #1, I-13-31N-01E, API #30-039-24081
Gonzales 18, #1, M-18-31N-02E, API #30-039-23805
Quinlan Ranch #1, H-23-32N-02E, API #30-039-22135
Quinlan Ranch #2, N-19-31N-03E, API #30-039-24504
Your File: OCD Case No. 11508

Dear Mr. Carroll:

We have received a copy of the Oil Conservation Division's order dated July 1, 1996. It is still our belief and hope that all wells will be brought into compliance with New Mexico regulations. However, if that does not occur, we simply ask that we be given an opportunity to obtain bids on the cost of plugging the wells. As you know, we did that in the Diamondback Petroleum case and it worked out very well. Thank you for your time and consideration.

Very truly yours,

OLD REPUBLIC SURETY

Paul S. Guardalabene
Assistant Vice President, Claims
414/797-2675

PSG/ch

NEW MEXICO OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NM 87505

March 15, 1996

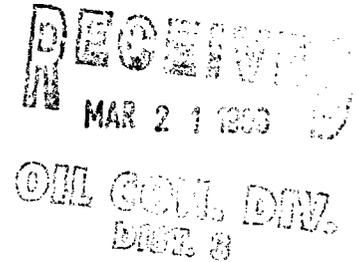
Certified Mail
Return Receipt Requested

Spur Oil, Inc.
3107 N. Haskell
Dallas, TX 75204

Fred Shelton, Jr.
3501 Gillon
Dallas, TX 75205

Fred Shelton, III
P.O. Box 6666
Buffalo Gap, TX 79508

Old Republic Insurance Company
P.O. Box 1635
Milwaukee, WI 53201



RE: OCD Case No. 11508
Application of the New Mexico Oil Conservation Division for a Show Cause Hearing
requiring Spur Oil, Inc. and other interested parties to appear and show cause why seven
wells in Rio Arriba County, NM should not be plugged and abandoned

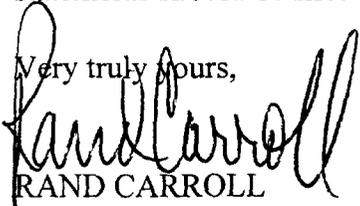
Dear Sir/Madam:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Spur Oil, Inc. and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned..

This application has been set for hearing before an Examiner of the Oil Conservation Division on April 4, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive style with a large initial "R".

RAND CARROLL

ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION

Enclosures

cc: Johnny Robinson, OCD Aztec

TELEFAX MEMORANDUM**FROM SANTA FE OFFICE OF
NORDHAUS, HALTOM, TAYLOR, TARADASH & FRYE, LLP**200 West De Vargas Street, Suite 9
Santa Fe, NM 87501
Telephone: (505) 982-3622
Telefax: (505) 982-1827

Please deliver the following pages:

TO: District III Office, Oil Conservation Division

FAX NUMBER: (505) 334-6170

FROM: Wayne H. Bladh

DATE: November 29, 1995

TIME:

NO. OF PAGES: 3 (including this page)

RE: Fred B. Shelton III/Dune Petroleum Corporation

COMMENTS:

Confirmation No. (505) 982-3622

In House CC: 100.07

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NOV 30 1995OIL CONSERV. DIV.
DUNE

The information contained in this facsimile message is attorney-client privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that reading, disseminating, distributing, or copying this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone, and destroy the fax copy you inadvertently received. Thank you.

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-101
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. Amoco Production Company P.O. Box 800 Denver, Colorado 80201		³ OGRID Number 000778
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name Archuleta	⁶ Well No. #1B

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	30	30N	8W		980	North	1230	West	San Juan

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Blanco Mesaverde					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 5651'
¹⁶ Multiple NO	¹⁷ Proposed Depth 4739'	¹⁸ Formation Gallup	¹⁹ Contractor Aztec	²⁰ Spud Date 6/1/95

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12.25"	8.625"	24#	50'	30sk C1 B	Surface
7.88"	5.5"	14#	2629'	395sk C1 B	Surface
4.75"	2.875"	6.5#	4739'	165sk C1 B	2400'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See Attached:

RECEIVED
 MAY - 8 1995
 OIL CON. DIV.
 DIST. 3

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Julie L. Acevedo</i>	OIL CONSERVATION DIVISION	
Printed name: Julie L. Acevedo	Approved by:	
Title: Sr. Staff Assistant	Title:	
Date: 5/4/95	Approval Date:	Expiration Date:
Phone: 303-830-6003	Conditions of Approval: Attached <input type="checkbox"/>	

**NORDHAUS HALTOM TAYLOR
TARADASH & FRYE, LLP**

R. REID HALTOM
LESTER K. TAYLOR
ALAN H. TARADASH
PAUL E. FRYE
WAYNE H. BLADH
LEL BERGEN
TERESA LEFEBRE DE FERNANDEZ
JILL E. GRANT

DANIEL F. ORTEGA
CAROLYN G. DACTERNAK
MELANIE P. BAISE
JOSHUA S. GRINSPOON
JESSICA R. ABERLY
SHENAN R. ATCITY

LISA M. ENFIELD, CP COUNSEL

ATTORNEYS AT LAW

ALBUQUERQUE OFFICE
SUITE 1050
500 MARQUETTE AVENUE, N.W.
ALBUQUERQUE, NEW MEXICO 87102

TELEPHONE (505) 243-9270
TELEFAX (505) 243-4464

SANTA FE OFFICE
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200 W. DE VARGAS STREET
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 882-3622
TELEFAX (505) 882-1837

WASHINGTON, D.C. OFFICE
SUITE 407
1150 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 429-6601
TELEFAX (202) 429-7504

Reply to Santa Fe Office

November 29, 1995

VIA FACSIMILE (505) 334-6170

Oil Conservation Division
District III Office
Energy, Minerals and Natural Resources
Department
State of New Mexico
1000 Rio Brazos Road
Aztec, NM 87410

RECEIVED
NOV 30 1995

OIL CON. DIV.
DIST. 3

Re: Fred B. Shelton, III/Dunc Petroleum Corporation

Dear Sirs:

This law firm represents the Jicarilla Apache Tribe.

The Tribe has been informed that Fred B. Shelton III and/or Dunc Petroleum Corporation proposes to drill the following wells located within the Jicarilla Apache Reservation in Rio Arriba County:

- El Vado Ranch No. 1, located in Section 11, T.28N., R.1E.
- El Vado Ranch No. 2, located in Section 11, T.28N., R.1E.
- El Vado Ranch No. 3, located in Section 14, T.28N., R.1E.
- El Vado Ranch No. 4, located in Section 14, T.28N., R.1E.
- El Vado Ranch No. 5, located in Section 14, T.28N., R.1E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
 NORTHWEST PIPELINE CORPORATION OGRID 16189

3. ADDRESS AND TELEPHONE NO.
 c/o Walsh Engr. & Prod. Corp.
 7415 E. Main Farmington, New Mexico 87402 505 327-4892

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 805'PSL & 1965'FEL
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 25 miles Northeast of Blanco, New Mexico

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 800'

16. NO. OF ACRES IN LEASE 2561.86

17. NO. OF ACRES ASSIGNED TO THIS WELL 344.59

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1500'

19. PROPOSED DEPTH 5935'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show ~~the~~ ~~of~~ ~~the~~ ~~GR~~ ~~etc.~~ ~~no~~ ~~technical~~ ~~and~~ ~~procedural~~ ~~review~~ ~~pursuant~~ ~~to~~ ~~43~~ ~~CFR~~ ~~3165.3~~ ~~and~~ ~~appeal~~ ~~pursuant~~ ~~to~~ ~~43~~ ~~CFR~~ ~~3165.4.~~)
 6272'GR

22. APPROX. DATE WORK WILL START*
 April 15, 1995

5. LEASE DESIGNATION AND SERIAL NO.
 SF-078772

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 ROSA UNIT 008480

8. FARM OR LEASE NAME, WELL NO.
 #89A

9. AP WELL NO.

10. FIELD AND POOL, OR WILDCAT
 BLANCO MESA VERDE 72319

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 34, T32N, R6W

12. COUNTY OR PARISH
 Rio Arriba

13. STATE
 N.M.

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8", K-55	36.0	250'	161 cuft Cl "B" w/3% CaCl2
8-3/4"	7" K-55	20.0	3530'	841 cuft 65/35 poz, 189 cuft Cl "B"
6-1/4"	4-1/2", K-55	10.5	3430-5935'	424 cuft Cl "B" with 4% gel & additives

NORTHWEST PIPELINE proposes to drill a vertical well to develop the Mesa Verde formation at the above described site in accordance with the attached drilling and surface use program.

This location has been archaeologically surveyed by CRMC. Copies of the report will be submitted directly to your office.

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

This APD also is serving as an application to obtain BLM road and pipeline right-of-way. The access road will be approximately 337' of new road crossing the SW/SE of Section 34 where it joins with an existing road that crosses the NE/SE of Section 34; N/2 SW/4, NW/SE and SE/SE of Section 35; SW/4, E/2 NW/4, N/2 NE/4 of Section 36 all of T32N, R6W; N/2 N/2 of Section 31, W/2 NW/4, NW/SW, S/2 of Section 32, T32N, R5W, and the N/2 NE/4 Section 5, and the Sw/SW of Section 4, T31N, R5W where it joins with the main Rosa Unit Road. The Rosa Road continues SW approximately 22 miles where it joins with the Sims Mesa Highway.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Paul C. Thompson TITLE Paul C. Thompson, Agent DATE 3/31/95

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to those rights thereon.

CONDITIONS OF APPROVAL, IF ANY: MAY 15 1995

APPROVED BY OIL CON. DIV. NMOC D. B. 3 TITLE _____

RECEIVED

APPROVED AS AMENDED

MAY 11 1995

DISTRICT MANAGER

*See Instructions On Reverse Side

NORDHAUS HALTOM TAYLOR
TARADASH & FRYE, LLP
ATTORNEYS AT LAW

Oil Conservation Division
November 29, 1995
Page 2

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NOV 30 1995
OIL CON. DIV.
DULCE

Fred B. Shelton, III and Dune Petroleum Corporation apparently hold an oil and gas lease for the mineral estate underlying these lands. The mineral estate has been severed from the surface estate. The surface estate is held by the United States of America in trust for the Jicarilla Apache Tribe, and is part of the Jicarilla Apache Reservation.

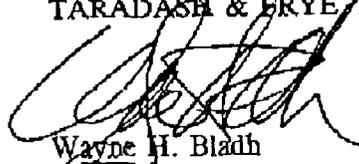
This letter is to inform the Oil Conservation Division that neither the Jicarilla Apache Tribe nor the United States of America has approved surface use of the proposed well sites or the proposed access roads to the five wells identified above. The Tribe has been informed by the Bureau of Indian Affairs that neither Fred B. Shelton, III nor Dune Petroleum Corporation has applied for or received the necessary rights-of-way or surface use permits required by federal law.

As the beneficial owner of the surface rights which would be affected by drilling the proposed wells described above, the Jicarilla Apache Tribe hereby requests that the Oil Conservation Division give notice to the Tribe prior to approving any application for permission to drill these wells. Notice should be provided to the Santa Fe office of this law firm and to Thurman Velarde, Oil and Gas Administration, Jicarilla Apache Tribe, Post Office Box 507, Dulce, NM 87528.

If you have any questions concerning the failure of these operators to obtain surface owner consent for the proposed drilling, please do not hesitate to contact me at the Santa Fe office of this law firm.

Sincerely,

NORDHAUS, HALTOM, TAYLOR,
TARADASH & FRYE, LLP



Wayne H. Bladh

WHB:ju

cc: Thurman Velarde

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-101
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. Meridian Oil Inc. PO Box 4289 Farmington, NM 87499		² OGRID Number 14538
		³ API Number 30 - 045-27138
⁴ Property Code 6785	⁵ Property Name Allison Unit Com	⁶ Well No. 122

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	32N	6W		935	N	880	E	SJ

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Basin Fruitland Coal					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 6327' GR
¹⁶ Multiple	¹⁷ Proposed Depth 3255'	¹⁸ Formation Fruitland Coal	¹⁹ Contractor	²⁰ Spud Date 2nd quarter 1995

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	9 5/8"	36.0#	200'	118 cu.ft.	surface
8 3/4"	7"	20.0#	2925'	791 cu.ft.	surface
6 1/4"	4 1/2"	10.5#	2775-3255'	uncemented liner	

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

11"2000 psi minimum double gate BOP

RECEIVED
 MAY 17 1995
OIL CON. DIV.
 DIST. 3

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Peggy Bradfield</i>		OIL CONSERVATION DIVISION	
Printed Name: Peggy Bradfield		Approved by:	
Title: Regulatory Administrator		Approval Date:	Expiration Date:
Date: 04-24-95	Phone: 505-326-9700	Conditions of Approval: Attached <input type="checkbox"/>	

**NORDHAUS HALTOM TAYLOR
TARADASH & FRYE, LLP**

ATTORNEYS AT LAW

ALBUQUERQUE OFFICE
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500 MARQUETTE AVENUE, N.W.
ALBUQUERQUE, NEW MEXICO 87102

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SANTA FE OFFICE
SUITE 9

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WASHINGTON, D.C. OFFICE
SUITE 407

1155 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
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TELEFAX (202) 467-4924

B REID HALTOM
LESTER K. TAYLOR
ALAN R. TARADASH
PAUL E. FRYE
WAYNE H. BLADH
LEE BERGEN
TERESA LEGER DE FERNANDEZ
JILL E. GRANT

—
DANIEL F. ORTEGA
CAROLYN E. PASTERNAK
MELANIE P. BAISE
JOSHUA S. GRINSPHON
JESSICA R. ABERLY
SHENAN R. ATCITTY

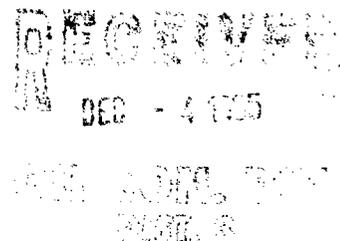
—
LISA M. ENFIELD, OF COUNSEL

Reply to Santa Fe Office

November 29, 1995

VIA FACSIMILE (505) 334-6170

Oil Conservation Division
District III Office
Energy, Minerals and Natural Resources
Department
State of New Mexico
1000 Rio Brazos Road
Aztec, NM 87410



Re: Fred B. Shelton, III/Dune Petroleum Corporation

Dear Sirs:

This law firm represents the Jicarilla Apache Tribe.

The Tribe has been informed that Fred B. Shelton III and/or Dune Petroleum Corporation proposes to drill the following wells located within the Jicarilla Apache Reservation in Rio Arriba County:

- El Vado Ranch No. 1, located in Section 11, T.28N., R.1E.
- El Vado Ranch No. 2, located in Section 11, T.28N., R.1E.
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- El Vado Ranch No. 4, located in Section 14, T.28N., R.1E.
- El Vado Ranch No. 5, located in Section 14, T.28N., R.1E.

NORDHAUS HALTOM TAYLOR
· TARADASH & FRYE, LLP
ATTORNEYS AT LAW

Oil Conservation Division
November 29, 1995
Page 2

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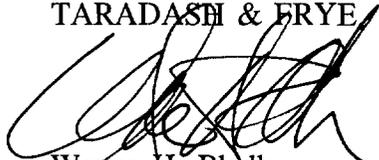
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Sincerely,

NORDHAUS, HALTOM, TAYLOR,
TARADASH & FRYE, LLP



Wayne H. Bladh

WHB:ju
cc: Thurman Velarde



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



GARY E. JOHNSON
GOVERNOR

JENNIFER A. SALISBURY
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178 FAX: (505) 334-6170

August 8, 1995
Rand Carroll
2040 S Pacheco
Sante Fe NM 87505

RE : Spur Oil Inc

Dear Rand :

Spur Oil Inc was notified January 7, 1995 in regards to the attached list of wells. I have issued a number of extensions and had several conversations with Mr. Shelton pertaining to bringing the wells into compliance. To this date there has been no production reported or remedial work performed on the wells. Please docket a case calling Spur Oil Inc and all interested parties to appear and show cause why the listed wells should not be plugged and abandoned in accordance with a Division approved plugging program.

Yours Truly,

Johnny Robinson
Deputy Oil & Gas Inspector

cc: Well file
Spur Oil Inc.
Old Republic Insurance Co

Spur Oil Inc

List of wells :

Samantha # 1	L-26-28N-01E	30-039-23442
Samantha # 2	K-26-28N-01E	30-039-23444
Samantha # 3	N-26-28N-01E	30-039-23446
Gonzales 13,# 1	I-13-31N-01E	30-039-24081
Gonzales 18,# 1	M-18-31N-02E	30-039-23805
Quinlan Ranch #1	H-23-32N-02E	30-039-22135
Quinlan Ranch #2	N-19-31N-03E	30-039-24504

2-28-95

Talked to Allan Neal
about C104^s on El Paso, Spur,
Chuzz leases. He is waiting on
assignments. David Stubblefield
should have them completed in
two weeks. ~~David Stubblefield~~

Chuzz Oper

Petroleum Dev. 16 wells

Spur Oil Inc.

Due March 15



Old Republic Surety Company
Old Republic Insurance Company

P.O. Box 1635, Milwaukee, WI 53201
Phone: (414) 797-2640 / Fax: (414) 797-9495

February 2, 1995

Mr. Johnny Robinson
Deputy Oil & Gas Inspector
New Mexico Energy, Minerals
and Natural Resources Department
1000 Rio Brazos Road
Aztec, NM 87410

RECEIVED
FEB - 2 1995
OIL CON. DIV.
DIV. 3

Re: **Claim No.:** 21346
Bond No.: LSC 659001
Principal: Spur Oil, Inc.
Company: Old Republic Insurance Company
Ref: Samantha #1, L-26-28N-01E, API #30-039-23442 ✓
Samantha #2, K-26-28N-01E, API #30-039-23444 ✓
Samantha #3, N-26-28N-01E, API #30-039-23446 ✓
Gonzales 13, #1, I-13-31N-01E, API #30-039-24081 ✓
Gonzales 18, #1, M-18-31N-02E, API #30-039-23805
Quinlan Ranch #1, H-23-32N-02E, API #30-039-22135 —
Quinlan Ranch #2, N-19-31N-03E, API #30-039-24504 ✓

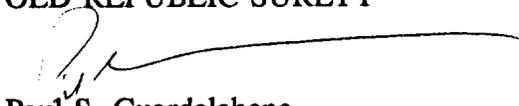
Dear Mr. Robinson:

We have been in contact with Fred Shelton, President of Spur Oil, Inc. He told us that his son, Fred Shelton, III, has been in touch with your department. According to Mr. Shelton, his son believes that discussions with your department have been fruitful and will eventually result in a resolution of the problems pertaining to the wells. We are waiting for more information from Fred Shelton, III and believe that it would be premature to take any action on the bond claim at this time. We are dealing with some very technical matters and will need more time than what you have granted us. Would you please agree to grant us an open extension, provided there continues to be progress on resolving the claim?

Have you had any conversations with Fred Shelton, III? If you disagree with Mr. Shelton's assertion that we are moving towards a resolution of the problems, please explain specifically what is necessary to bring a well into compliance with Rule 203. Thank you.

Very truly yours,

OLD REPUBLIC SURETY


Paul S. Guardalabene
Assistant Vice President, Claims
414/797-2675 PSG/beh

Mr. Johnny Robinson
Page 2
February 2, 1995

cc: Mr. Fred B. Shelton
Spur Oil, Inc.
3501 Gillon
Dallas, TX 75205



445 South Moorland Road, Brookfield, WI 53005
414/797-2640

Mailing Address:
P.O. Box 1635, Milwaukee, WI 53201

January 9, 1995

Mr. Johnny Robinson
Deputy Oil & Gas Inspector
State of New Mexico Energy, Minerals
and Natural Resources Department
1000 Rio Brazos Road
Aztec, NM 87410

RECEIVED
JAN 12 1995
OIL CON. DIV.
DIST. 3

Re: **Claim No.:** To be determined
Bond No.: LSC 659001
Principal: Spur Oil, Inc.
Company: Old Republic Insurance Company
Your Ref: Samantha #1, L-26-28N-01E, API #30-039-23442
Samantha #2, K-26-28N-01E, API #30-039-23444
Samantha #3, N-26-28N-01E, API #30-039-23446
Gonzales 13 #1, I-13-31N-01E, API #30-039-24081
Gonzales 18 #1, M-18-31N-02E, API #30-039-23805
Quinlan Ranch #2, N-19-31N-03E, API #30-039-24504
Quinlan Ranch #1, H-23-32N-02E, API #30-039-22135

Dear Mr. Robinson:

We have received your letters, all dated December 29, 1994, concerning the above-referenced oil wells. We would appreciate receiving a copy of Rule 203 and proof that these wells are registered to the above-named principal. In the meantime, we will try to contact the principal and get his version of the facts.

Very truly yours,

OLD REPUBLIC SURETY


Paul S. Guardalabene
Assistant Vice President, Claims

PSG/sab



GARY JOHNSON
GOVERNOR

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JENNIFER SALISBURY
CABINET SECRETARY



1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Certified: P-987-892-119

December 29, 1994

Spur Oil Inc
3107 N Haskell
Dallas TX 75204

Old Republic Insurance Co
PO Box 789
Greenburg PA 15601

RE: Gonzales 13 #1, I-13-31N-01E, API #30-039-24081

Dear Gentlemen:

The referenced well is in violation of Rule 201.

You are hereby directed to plug and abandon this well or bring it into compliance with Rule 203 for temporary abandonment within 30 days.

If you fail to bring this well into compliance we will schedule a show cause hearing to plug this well using the bond.

Sincerely,

Johnny Robinson
Deputy Oil & Gas Inspector

JR/sh

cc: Rand Carroll
Old Republic Insurance Co
Well file



GARY JOHNSON
GOVERNOR

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JENNIFER SALISBURY
CABINET SECRETARY



1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Certified: P-987-892-121

December 29, 1994

Spur Oil Inc
3107 N Haskell
Dallas TX 75204

Old Republic Insurance Co
PO Box 789
Greenburg PA 15601

RE: Gonzales 18 #1, M-18-31N-02E, API #30-039-23805

Dear Gentlemen:

The referenced well is in violation of Rule 201.

You are hereby directed to plug and abandon this well or bring it into compliance with Rule 203 for temporary abandonment within 30 days.

If you fail to bring this well into compliance we will schedule a show cause hearing to plug this well using the bond.

Sincerely,

Johnny Robinson
Deputy Oil & Gas Inspector

JR/sh

cc: Rand Carroll
Old Republic Insurance Co
Well file