



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

February 10, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Jerry Sexton
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

Dear Jerry:

In response to your letter of January 13, 1989, regarding the additional well to be added to the cancelled as to future liability bond for Santa Fe Exploration Company, since the insurance company is willing to take on this added liability, I see no reason why we can't approve the C-104.

Sincerely,

A handwritten signature in cursive script, reading "Robert G. Stovall".

ROBERT G. STOVALL,
General Counsel

dr/



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

GARREY CARRUTHERS
GOVERNOR

January 13, 1989

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Mr. Bob Stovall
Attorney
Oil Conservation Division
310 Old Santa Fe Trail, RM 206
Santa Fe, NM 87503

Dear Bob:

We need to know what our position is on approving change of operator on forms received in our office after the date the bond was cancelled for future liability.

As background information I have attached a copy of our letter to Santa Fe Exploration Company, a copy of bond cancellation letter, letter from RBS Insurance Agency and a copy of C-104 for change of operator.

Santa Fe Exploration's bond was cancelled for future liability effective November 17, 1988, their C-104 for change of operator indicates effective date of purchase was 11-1-88, (but was actually closed in December 1988). They dated their C-104 January 6, 1989, and it was received in this office January 9, 1989.

Please advise us in writing of our position.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

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Encl.

RIBA INSURANCE AGENCY
P.O. BOX 200 (505) 623-1510
ROSNELL, N.M. 86062

January 12, 1989

Terry Sexton
Superior Dist. #1
B-1 Constructive Division
P.O. Box 1980
Roswell, NM 88201

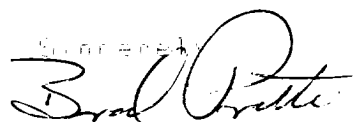
RE: Plugging Bond for Santa
Fe Exploration Co.
Roswell, NM

Dear Mr. Sexton:

Please be advised that Santa Fe Exploration Co. had a
\$50,000 Blanket Plugging Bond issued by Northwestern National
Insurance Co. Under# 867405, issued through our office, which
terminated on November 17, 1988.

It covered any property or wells acquired, started, or
drilled prior to November 17, 1988 (see copy of letter from
William LeMay attached.)

On November 1, 1988 Santa Fe Exploration acquired a
producing well from Texaco Producing Inc. known as Hightower
(15) State No.1-1-A located on Section 18, Township 15 N, Range
74 E. Because this property was acquired prior to Nov. 17, 1988
coverage under the aforementioned Blanket Bond should be in
force.

Sincerely,

David Pretti



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

GARREY CARRUTHERS
GOVERNOR

October 24, 1988

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

State Surety Company
P. O. Box 1976
Des Moines, Iowa 50306

Attention: Deanna S. Meyers

Re: \$50,000 Blanket Plugging Bond
Santa Fe Exploration, Inc.,
Principal; Northwestern National
Insurance Co., Surety
Bond No. 86 74 65

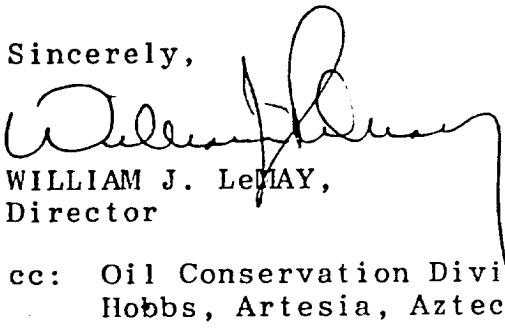
Gentlemen:

Receipt of your request for cancellation of the above-captioned bond is hereby acknowledged.

The bond executed by your company is cancelled November 17, 1988, as to any property or wells acquired, started, or drilled after that date.

It should be noted, however, that the subject bond will remain in effect as to any property or wells acquired, started, or drilled prior to November 17, 1988.

Sincerely,


WILLIAM J. LEMAY,
Director

cc: Oil Conservation Division
Hobbs, Artesia, Aztec

Santa Fe Exploration, Inc.
P. O. Box 1136
Roswell, New Mexico 88201



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

January 9, 1989

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Santa Fe Exploration Company
P.O. Box 1136
Roswell, NM 88202-1136

Attn: William A. McAlpine, Jr.

Re: Change of Operator
Hightower "19" State #1-P
Sec. 19, T12S, R34E

Gentlemen:

A request for a change of operator from Texaco Producing Inc. to Santa Fe Exploration Company has been received for the above-referenced well.

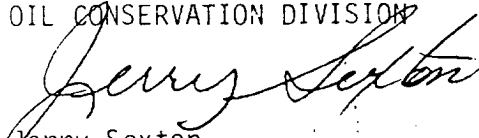
A check of your plugging bond indicates it has been cancelled for future liability which means you cannot acquire or drill any new wells under this bond. You will be required to get the bond re-instated or file a one-well bond for this well.

Enclosed you will find a one-well bond form to aid you in obtaining a bond for this well.

As soon as you have an approved plugging bond to cover this well the change of operator will be approved.

Very truly yours,

OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

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Encl.