



STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DIVISION
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

July 26, 1994

Mr Robert H Graham
100 West Apache
Farmington NM 87401

*Rosa Unit #49
M-27-31N-04W.*

Re: HE Survey 277, Rosa Unit #351

Dear Mr. Graham:

I apologize for taking so long to respond to your letter of June 22 but we had to make a special field trip to the well site and do a thorough file search.

The well in the location which you referenced is shown as the Rosa #49 in our records. There was a Rosa Unit #351 well permitted in 1990 about one hundred feet to the west of the existing well but it was never drilled. The #49 was permitted and drilled in 1963 by Shar-Alan Oil Company. State records do not keep track of "rights to drill" but only keep track of who claims to have a right with no other validation required. The County Clerk's office keeps track of property ownership and oil and gas leases. One document in our files calls this the Ruth Scammahorn Lease and shows it as Pan Am #74492 - Ruth Scammahorn, et ux, Lessor to L. P. Hine, lessee, dated 3/5/47.

Our plat of H. E. S. 277 shows that the homestead lies mostly in Section 27 with a small portion in Section 28. There is only one well in Section 27 that would include this acreage and it has never produced. If there is not a valid lease on this property then the well cannot be produced until such time as a lease is obtained or the acreage is "force pooled." We currently have a program in place by which we are locating temporarily abandoned wells and requiring action to be taken in compliance with our rules and regulations. So far we have been working only with wells that have a history of production in anticipation that we would soon start action on wells such as this one that have never produced. Our field inspection found that one of the wellhead valves has a small leak but at this time it is not hazardous. This facility does not currently cause damage to or present a hazard to property and wildlife.

Although the well sign shows Northwest Pipeline Corporation as the operator, the operator of record for us is Mitchell Energy Corporation, 555 Seventeenth Street, Suite 3500, Denver, Colorado, 80202. Northwest put that sign up thinking that they were going to bring the well into the Rosa Unit but that never occurred.

Robert H Graham
Page Two

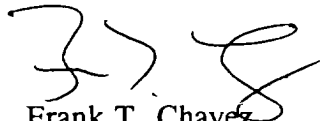
If there is not a valid lease on the property a more serious situation is occurring in Section 28 where approximately 12 acres of the homestead is situated and there are two producing wells. Meridian Oil Incorporated is operating the Rosa Unit #311, a Fruitland coal gas well, and Northwest Pipeline is operating the Rosa Unit #87, a Gallup gas and Dakota gas well. Your client would be receiving royalty payments from the Unit for the 12 acres of property that are being produced if there is a lease and he owns the mineral rights.

You did not say whether or not your client owns only the surface or also owns the oil and gas rights. If he owns the oil and gas rights and there is no lease, these wells are being operated in violation of our rules and regulations and he may very well have cause for action. Please supply us with copies of any documentation to that effect. You did not indicate whether or not you had been in contact with the operators and what their response was to your claim.

Our files for the three wells have quite a few documents related to the physical activities on these wells and they are public information. You are free to come and look at these files.

If your client owns only the surface but there is an existing oil and gas lease, he is bound by the stipulations in that lease.

Sincerely,



Frank T. Chavez
District Supervisor

FTC\sh

Robert H. Graham, P.C.

FAX
(505) 327-3619

ATTORNEY AT LAW
100 W. APACHE
FARMINGTON, NEW MEXICO 87401

PHONE
(505) 325-1755

June 22, 1994

New Mexico Oil Conversation Commission
1000 Rio Brazos Road
Aztec, NM 87410

Re: HE Survey 277, Rosa Unit 351,
SW 1/4, S 27, T 31 N, R 04 W

RECEIVED
JUN 27 1994

OIL CON. DIV.
DIST. 3

Gentlemen:

This office is attempting to determine, for the protection of the land owner, private rights in the HES 277 area. Just which state records show that any oil company had any right to drill Rosa 351 on these private lands. It is our position private lands at HES 277 in Section 27 and 28, Township 31 North, Range 4 West have never been validly leased for oil and gas development and have never validly been committed to the Rosa Unit. A small private landowner is having an ongoing running battle with the gigantic oil companies which attempt to practically force him from his land.

There is a very old well (for which I am taking pictures to show how old and abandoned it is) designated as Rosa Unit #351 drilled by, I believe, Northwest Pipeline Corporation. This well has not been plugged and abandoned and does present a hazard because at times it leaks gas into the atmosphere. We believe that this is entirely unwarranted and this well should be plugged and abandoned with absolute minimal damage to the surrounding lands which are quite valuable.

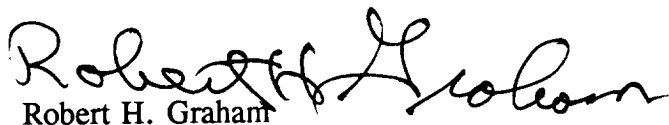
I actively seek a prompt answer to this letter and any and all information which your office has concerning Rosa Unit #351 which is in Section 27, T 31 N, Range 4 West, Rio Arriba County, New Mexico.

If you find that your records reflect that this is a valid oil and gas lease and the well was valid when drilled, then would you please give me the name, address and telephone number and fax number of the operator who has, for so many years, neglected maintenance of this well and which causing damage to the property and wildlife in the area.

We have so many governmental agencies in this day and time, that I do not know precisely who to contact, but I know that in this particular area of Carson National Forest, there are many uncovered pits with a small amount of water in the bottom and into which various types of mice, ground squirrels, other rodents and various species of birds fall and cannot escape, especially due to the film of oil on top of the water which saturates the fur and feathers. A group of us are very disturbed about these activities and wish to have the maximum penalties imposed on these companies who are so negligent, rather than just having them "fix or repair" the offending object.

Would you please advise me where I should take this complaint. Should it go to Santa Fe, New Mexico or to Washington, D.C. It is a continuing flagrant violation by several oil companies as far as the trash and debris coupled with mammal and bird traps that they leave in the oil field with no inspection by either the state or federal government and no good faith showing of intending to correct these problems. Of course, we will have taken pictures of these situations before we report them to the appropriate authorities. I will thank you for your prompt communications.

Very truly yours,


Robert H. Graham

RHG:dcd

cc: Mr. Phil Ross
Committee Against Wildlife Waste

SHAR-ALAN OIL COMPANY

1402 DENVER U. S. NATIONAL CENTER

DENVER 2, COLORADO

September 23, 1963

New Mexico Oil & Gas Commission
1000 Rio Brazos Road
Aztec, New Mexico

Attention: Mr. Emery Arnold

RE: Ruth Scammahorn Lease (Rosa Unit)
SW/4 Section 27 - 31N - 4W
Rio Arriba County, New Mexico

Gentlemen:

I enclose herewith for approval by your office original and four copies of your form C-101, Notice of Intention to Drill, along with five copies of the Well Location and Acreage Dedication Plat covering the above captioned location.

According to our information, this well is drilled on fee acreage which is a part of the Rosa Unit Agreement, said fee lease more particularly described as follows:

Pan Am # 74492 - Ruth Scammahorn, et ux, Lessor to L. P. Hine, Lessee - Lease dated 3-5-47 described as follows:

H. E. No. 277 in Sections 27 and 28, Township
31 North, Range 4 West, - BEGINNING at Corner
No. 1 from U. S. Location Monument No. 1,
Jicarilla, bears South 7 deg. 38 min. west
39.37 chains distant; THENCE South 87 deg.
1 min. west 11.90 chains to corner No. 2;
THENCE north 1 deg. 5 min. east 34.87
chains to Corner No. 3;
THENCE North 49 deg. 22 min. west 23.87
chains to Corner No. 4;
THENCE South 77 deg. 25 min. west 12.38
chains to Corner No. 5;
THENCE north 16 deg. 22 min. east 14.65
chains to Corner No. 6;
THENCE South 73 deg. 35 min. east 15.89
chains to Corner No. 7;
THENCE South 45 deg. 30 min. east 33.35
chains to Corner No. 8;
THENCE North 42 deg. 24 min. east 14.15
chains to Corner No. 9;



September 23, 1963

THENCE South 65 deg. 30 min. east 10.23
chains to Corner No. 10;
THENCE South 27 deg. 33 min. west 44.46
chains to Corner No. 1, the place of be-
ginning.

The remainder of the W/2 of Section 27, which is to be a part
of our Dakota unit is the following:

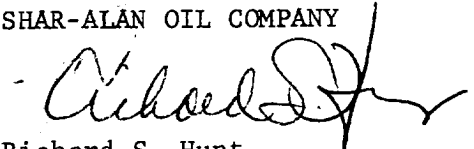
Federal Lease SF-078894 dated 8-1-48, more particularly des-
cribed as Section 27: E/2 E/2, SW/4 SE/4, NW/4 NE/4, NE/4 NW/4, and
Lots 1 through 8, inclusive.

I am, by carbon copy of this letter, requesting Mr. D. N.
Canfield of El Paso Natural Gas Company to prepare and forward to our
office for execution a Designation of Sub-operator which will enable
us to commence operations for the drilling of this well, and to also
furnish us the well number for this location.

Should you require anything additional necessary to approve
this notice of intent, please advise.

Very truly yours,

SHAR-ALAN OIL COMPANY


Richard S. Hunt
Manager of Lands & Explorations

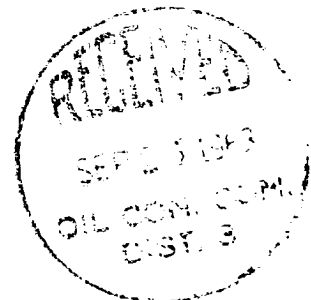
RSH/so

Enclosures

CC: Pan American Petroleum Corporation

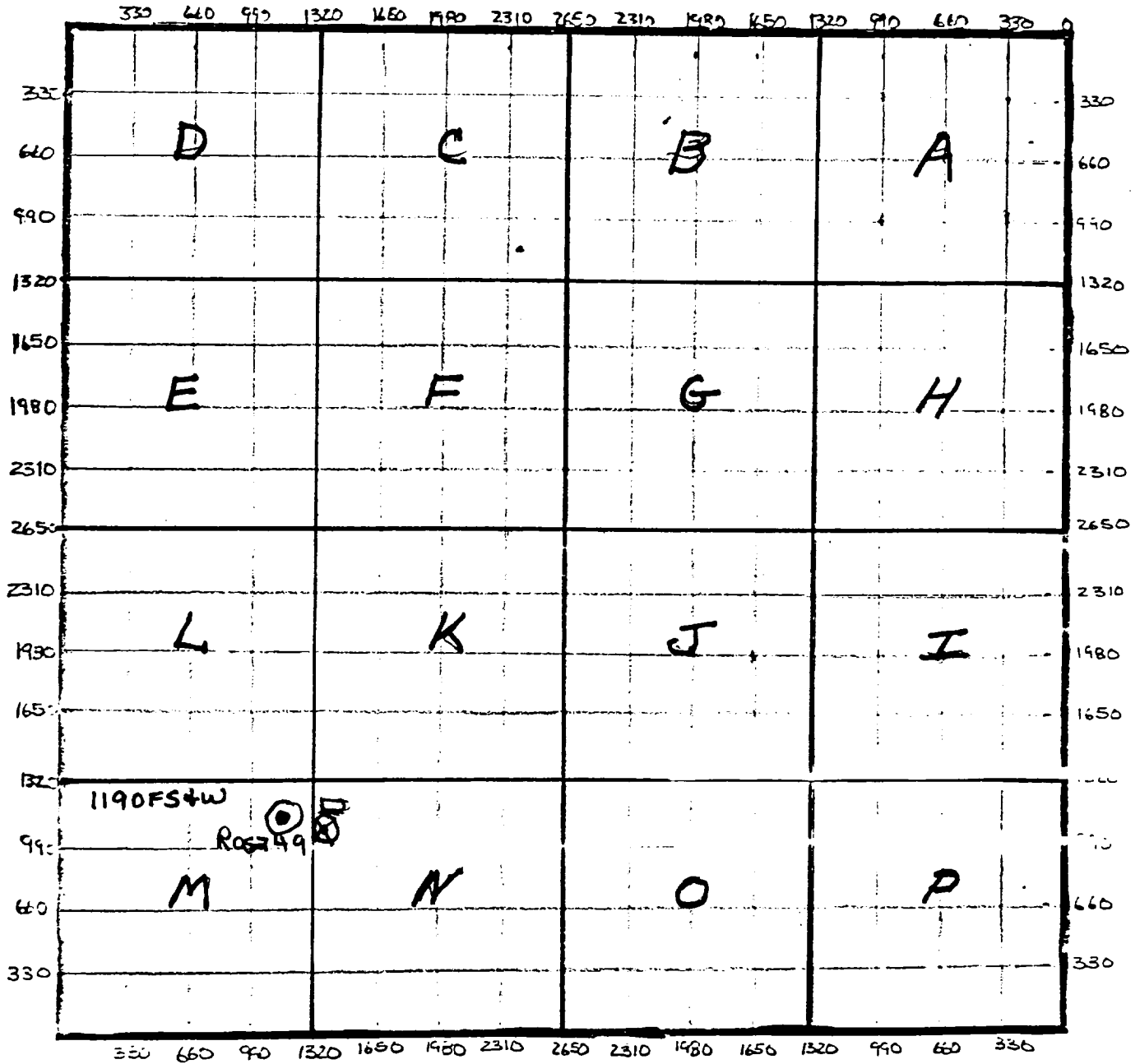
El Paso Natural Gas Company, Farmington, New Mexico

El Paso Natural Gas Company, El Paso, Texas



NO SUCH WELL AS THE ROSA UNIT 351 HAS EVER
BEEN DRILLED. THE ONLY MINERAL EXPLORATION
IN 1910-20 WAS BY THE PANHANDLE CO. ROSA #49
IN 21-28-31-4 DRILLED BY STATE IN 1913. THE
ONLY OIL WELL DRILLED ON FREE LAND IN SECS 21 OR 28
IS THE MOI ROSA UNIT 311 H. 28-31-4 FRT. COAL
DRILLED BY PANHANDLE PARALLEL IN 1991-92. NO OIL
WELLS ON FREE LAND IN THESE SECS.

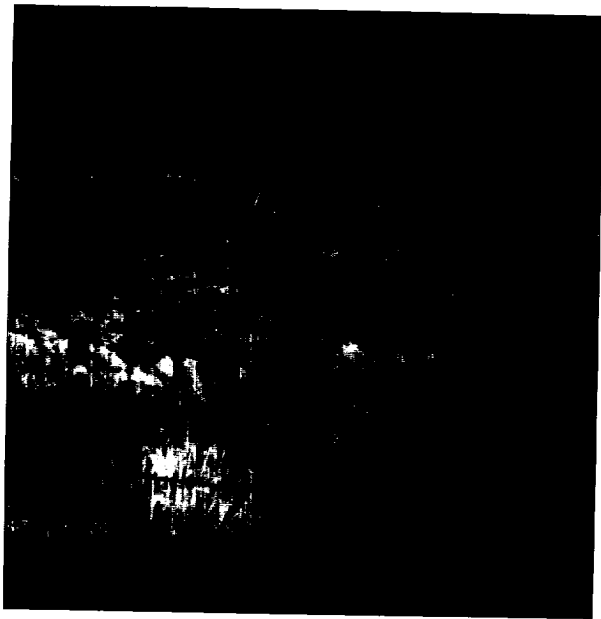
Sec _____ Township No. _____ of Range No. _____



$$\begin{array}{r} 1190 \\ 1035 \\ \hline 155 \text{ ft. S.} \end{array}$$

$$\begin{array}{r} 1340 \\ 1190 \\ \hline 150 \text{ ft. W.} \end{array}$$

50 yds. South & East



Mitchell Energy Land?
 NW. Pipeline M- 3001-11

