Case No.

277

Application, Transcript,
Small Exhibits, Etc.

OCC for order to T. W. Bailey,
Sketchley and Rio Grande
to plug Sketchley No. 1,

CASE

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD
MEMBER

STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR

P. O. BOX 871
SANTA FE, NEW MEXICO

From the LOS ANGELES TIMES April 26, 1951

Couple Draw Jail Terms for Oil Company Fraud

[illegible]

Oil Promoters Sent Two to Jail

Thomas W. Bailes, 57, and Elizabeth T. Sketchley, 37, were sentenced in Los Angeles this week on charges growing out of the sale of oil and gas leases in Valencia County.

The two pleaded guilty to a charge of conspiracy and to one count of violating the Corporate Securities Act of California. Each was sentenced to six months in jail with four years' probation.

Superior Judge William B. Neeley granted a stay of sentence until May 8.

The conspiracy charge listed 12 overt acts and accused the two of selling shares in the Dailes Oil [illegible] leases on various tracts in the Dailes Township, which lies west Los Lunas.

Albuquerque Journal
April 29 1951

Albuquerque Journal
April 29 1951

Marketing High Gravity Oil From Red Mountain Sector Shallow McKinley Co. Field

High gravity oil is being produced and marketed from the Red Mountain structure in McKinley County, it was learned the past week.

M. T. (Tom) Grier of Albuquerque and Harry Fountain have drilled three wells to a shallow sand at about 500 feet and the three producers are reported making from 18 to 20 barrels daily of 46-gravity oil. The Petroleum Producing & Refining Co. is buying the oil, transporting it by truck from Red Mountain to the Hospah lease some 12 to 15 miles to the Southeast. From the Hospah the oil goes through company pipeline to the Prewitt refinery, a distance of 32 miles.

Messrs. Grier and Fountain are operating on a lease from the Santa Fe railroad and wells have all been drilled in Secs. 20 and 29-20N-9W. Operators recently installed an electric generating plant and all wells are now pumped with electricity. The McKinley County developers have their own drilling rig and equipment and plan continued development in the shallow zone. A deal to drill a deep test on the property is being considered at this time, it was learned.

LATE FLASH FROM FIELD

In Rio Arriba County, Skelly Oil Co. No. 1 Hickman, Sec. 6-29N-7W wildcat scheduled to 5500 feet or production, has reached total depth of 4782 feet and is waiting on cement.

Sun Co[illegible] Beds in[illegible]

Sun Oil Co[illegible] cat in Sec. 2[illegible] ported cori[illegible] Pennsylvani[illegible] mation is r[illegible] mite.

Cores fr[illegible] from 6048-[illegible] dolomite w[illegible] is schedule[illegible] or produc[illegible] chances [illegible] something[illegible] Penns be[illegible]

Dri[illegible]

(Cont[illegible]

El Paso [illegible] B-Hancoc[illegible] 9W (Blan[illegible] Spud 4-1[illegible] w/125 sax.

El Paso [illegible] Goede, S[illegible] (OWDD) [illegible] P B 3131. [illegible] squeezed w[illegible] 2502-10. 1[illegible] Gauged 23[illegible] Ran 1-inch[illegible]

El Paso [illegible] 2 Day, C [illegible] 5522. Comp[illegible] gas in 6 h[illegible] DF. Spud 2[illegible]

El Paso [illegible] 3-2-Roelofs; [illegible] 3W. WOCT [illegible]

El Paso [illegible] Neudecker, [illegible] 10W. 9⅝-1[illegible] Drg. below [illegible]

El Paso [illegible] 1 Shaw, C [illegible] Drg. below [illegible]

El Paso [illegible] 2-B-Atlantic [illegible] W. Drg. belo[illegible]

El Paso 1 [illegible] No. 1-C-Gra[illegible] 30N-10W, SI[illegible]

El Paso 1 [illegible] No. 2-C-Gr[illegible] 30N-10W. D[illegible]

El Paso 1 [illegible] 1 Kelly, C [illegible] WOCT at 41[illegible]

El Paso 1 [illegible] 1 Scott, C [illegible] TD 4662—W[illegible]

El Paso [illegible] 2 Scott, C [illegible] WOCT at 45[illegible]

Bay Petrol [illegible] Sett, SW SW [illegible]

@ 100 w/100 [illegible]

Bay Petrol [illegible] Sett, SW NE [illegible] C test Loc. E [illegible]

Palmer Ass [illegible] C SE Sec. 17-[illegible] Waiting gau[illegible]

Wood River [illegible] No. 1 Lambe[illegible] 10W. Spud 4 [illegible] 186 w/150 sa[illegible]

BLOCK 1—Lots 2, 3, 4 & 5—110 feet South of the well now drilling—$200.00 each.
BLOCK 2—Lots 6, 7 & 11—310 feet South of the well now drilling—$150.00 each.

SPECIALS!

BLOCK 5—Lot 23—A bargain—$100.00.
BLOCK 6—Lot 17—Bargain No. 2—only $100.00.
BLOCK 8 Lots 10, 11 & 12—Lot 12, a corner lot—all for for $100.00 each. Super bargain because these three lots are 150 feet square.
BLOCK 9—Lots 2, 3 & 4—$100.00 each.
Where can you duplicate values like these? Priced to sell—please hurry if YOU are to purchase ANY of these lots.

SUPER DALIES SPECIALS

BLOCK 38—Lot 1 - Corner lot - only $75.00
BLOCK 39—Lot 13-Cornet Lot-only $75.00.
BLOCK 39—Lots 19, 21 & 22—each $70.00
BLOCK 41—Lot 3 - priced to sell - only $70.
BLOCK 42—Lots 19 & 20--two lots together only $70.00 each.
BLOCK 43—Lots 16 & 18 - only $70 each.
BLOCK 44—Lot 7 - large business lot - 215 feet long, running through street to street - $150.00.
BLOCK 45—Lots 6 & 7 combined - 100 feet wide and 227 feet long - facing West on the 200-foot Santa Fe right-of-way, running through street to street - a "knock-out" for only $150.00 each.

ACREAGE FOR SALE IN FEE SIMPLE... NOT LEASES

Close in acreage available on any side of present well now drilling located on Northeast corner and adjacent to Dalies Townsite. This land located in every section surrounding the present well, and prices are reasonable.

—BUT—

As the drill penetrates deeper and deeper, these prices will go out of your reach.

This California drilling contractor making fastest drilling record of any drilling contractor in the last 20 years.

The drill is moving fast . . . and you should too, to buy ANY LAND!

This is your golden opportunity—and it may be your last, as these prices may never be quoted so low again.

Telephone—Albuquerque 3-1812

Or Write

Box 270—c/o THE OIL NEWS

P. O. Box No. 526

ALBUQUERQUE, NEW MEXICO

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

June 3, 1952

C
O
P
Y

Mr. Leon V. Almirall
1181 Bellaire Street
Denver 20, Colorado

Dear Mr. Almirall:

This will acknowledge your letter of May 26, addressed to Governor Mechem and which was referred to me for an answer.

There have been two wells drilled near the town of Dalies. They were promotion schemes started by a fellow named Thomas Bailes, who spent six months last year in a Federal penitentiary in California. The one well has been plugged and the other ordered plugged by the Oil Conservation Commission.

If you need any more information let us know.

Very truly yours,

R. R. SPURRIER,
Secretary-Director

ir

EXECUTIVE OFFICE
SANTA FE, NEW MEXICO

5/27/52, 195

Respectfully referred to

Mr. Dick Spurrier
State Geologist
Santa Fe, N. M.

for such action and report as in his opinion may seem necessary.

E.L.M.
GOVERNOR

Thank Acknowledge + Refer Dick Spencer

MAY 26 '52

1181 Bellaire St;
Denver 20, Colo.
May 22,1952.

Hon. Edwin L. Meechem, Governor,
Executive Chambers,
Santa Fe, N.M.

Dear Governor Meechem:

I am trusting that my presumption will be excused, first because I am a real American and secondly a Real Republican. The former need not be defined. The latter possibly. So let me say by that I mean I am no believerin expediency which same those who call themselves erroneously "Republicans" and vote for Eisenhower , most certainly are. With these as excuses I am bothering you about a matter which it should not have to be brought to your attention.

For many years I have been the holder of acreage in The Old Spanish Grants in Valencia Co. My taxes are paid up to date. There has been a rumor substantiated by printed information of an oil well being drilled in that locality not too far from my acreage. In as much as these rumors have been rife before with not any more foundation than the appearence of a well being drilled I wrote the State Land Office in Santa Fe asking a question. Whether they knew if there was such a well being drilled? My letter was evidently referred to a subordinate in charge of the Oil and Gas Divis. and in reply he wrote me he couldn't give me any information without the location etc. I replied that I had written him the Old Spanish Grants was as I knew it in Valencia Co.(he wanted to know the County) and that I had told him it was near the tonw of Dalies which was also I thought in Valencia Co. I never had a reply. So, I wrote The Land Office again sometime ago and I've had no reply to this letter. This kind of a lack of courtesey may be a very good example of today's variety but it is not the usual N.M. variety as I know from experience in as much as years ago I rode with the 7 XV Outfit, then owned by my sister, Mrs. Willam Royall, and also with the Flying As,then owned by a man whose name escapes me. In fact. I know N.M. fairly well in and around Silver City and Tyrone.

Acknowledge + Refer Dick Spencer

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Denver 20, Colo.
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I want to mention this also. A year or two ago because of a similar rumor I wrote this Land Office and in some manner my letter went to a Geologist, who was most co-operative and courteous but I had destroyed his letter and so had to write as I have said herein.

Now, I know that an oil well to be drilled in N.M. requires sanction I believe from this Land Office so it would have been a small matter for that Office to have replied to my request. Incidentally, another strange thing is that in this "ad" as you'll see marked my Lot, No. 12 is advertised for sale by this Co. As I have the Deed it is going to be very embarassing for someone if it is sold. However, my letter calling their attention to this has received no reply todate nor one written by my attorney to the man said to be behind this oil drilling. In any event on the surface this doesn't look too good for N.M. However you are not concerned with this outside of the fact that such advertising in your State isn't conducive to confidence.

I would greatly appreciate it if you could find time to have the Land Office contacted with the enclosed information so that at least, I would know if this well drilling is sanctioned?

Thanking you and most certainly wishing you good luck in the coming Campaign and that there are still enough real Americans around to nominate and elect Senator Taft, the REAL man "Stalin fears" because he is conservative and no spendthrift, I am,

Sincerely yours,
Leon V. Almirall
Leon V. Almirall

R5

1181 Bellaire St;
Denver 20, Colo.
June 6,1952.

Case 277

Mr. R.R. Spurrier, Secretary -Director,
Oil Conservation Commission,
P.O. Box 871,
Santa Fe, N.M.

Dear Mr. Spurrier:

Thank you for your courtesey of the 3rd. inst. at hand yesterday. Your report confirms my suspicions. You will be further interested to know that this Thomas Bailes recently wrote my attorney in re the advertised sale of my property to which I have the deed and all taxes are paid, the man who was doing that advertising should be investigated by the P.O.

I have an idea that many people were mulcted by that "ad" which ran in The Oil News a copy of which I sent the Governor.

Again expressing my appreciation, I am,

Yours very truly,

Leon V. Almirall

Leon V. Almirall.

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

August 27, 1952

C

O

P

Y

Lieutenant Governor Tibo Chavez
Belen, New Mexico

Dear Tibo:

I have determined the following information pursuant to our recent telephone conversation.

Harry Long well:

65 sack plug cement 1340-1445'
208' of 10-5/8-inch left in hole
12-' plug at surface

Bailes well instructions:

40' plug above 4400'
4 10 sack plugs (one each) at 1350', 1100', 450' and surface - 10 sack plugs to protect water zones

There is a difference in programs because Bailes is trying to salvage pipe. Our patience has run out -- tell your client to comply with our order and quit stalling.

Very truly yours,

R. R. Spurrier

RRS:W

Secretary and Director

cc - case file 277

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 19, 1951

C

O

P

Y

Mrs. Ivy M. Rogers
6226 So. Van Ness
Los Angeles 47, California

Dear Madam:

This is in answer to your inquiry of June 28, 1951 regarding your lease to Tommy Bailes.

Since we are primarily a regulatory body it is not within the scope of our duty to advise regarding the validity of leases. I would suppose that your chances of voiding this lease would probably be good, but since I do not know I would suggest that you employ the advise of some good lawyer in this state who is familiar with this sort of situation.

I am sorry that we cannot be of any more assistance to you in this particular matter.

Very truly yours,

ELVIS A. UTZ,
Gas Engineer

EAU/ir

May 23 - 1951

THE ALBUQUERQUE TRIBUNE

Couple in Jail Unable To Comply With Order

SANTA FE, May 23 (UP)—A Los Angeles couple found themselves in no position to comply with an order of the New Mexico Oil and Gas Commission today.

Ordered to appear and show cause why they should not plug two uncompleted oil wells in Valencia County the two—57-year-old T. W. Bailes and 37-year-old Elizabeth Y. Sketchley—were detained in Los Angeles. They are serving a six-months jail sentence there after pleading guilty to selling leases on New Mexico property without the permission of the California Corporate Securities Commission.

The order of the New Mexico commission was issued after the agency "became convinced" that the two were not trying to complete the wells in good faith.

A spokesman for the agency explained that Bailes started the Rio Grande community well — 100 yards south of Dalies in Valencia County, back in 1948 — and consistently refused to comply with requirements of the state agency. Then in March of this year he moved his rig to the San Clemente well, a mile north of the first well and "spudded in" without bond or permission of the commission.

On April 8 an agent of the Commission closed down the well and it has been shut down since. Both wells were of the wildcat variety and were far from any proven production.

MOSQUIT
SUBJECT
John W. H
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Mr. Hend
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Public He
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proper drainage and
of water in irrigated areas.

BEAUTIFY
FINISH OF
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THE
WEA
NE

PROTECT THE

...VER GRANTED

HARRY B. ROGERS
INSURANCE
Res. 6226 So. Van Ness, ~~STATION H - P. O. BOX 668~~ « TELEPHONE TWinoaks 2449 » LOS ANGELES ~~44~~ 47, CALIFORNIA

June 28-1951

New Mexico Oil & Gas Commission
Santa Fe New Mexico.

Dear Sirs:

In view of the enclosed clipping, I would be obliged, if you could advise me if our lease to them is void, and if not, what action should we take to void it.

Thanking you now for your kind attention, I am

Sincerely

Ivy M. Rogers
(Mrs. Harry B.)

DENIS COWPER

LAW OFFICES OF
TIBO J. CHAVEZ
BELEN, NEW MEXICO
TELEPHONE 5096

June 27, 1952

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention Mr. Elvis A. Utz:
Gas Engineer.

Re: The Bailer-Von Glahn # 1 S WSE
Sec. 5-6N-1E Valencia County

Dear Mr. Utz:

I am this day communicating with Mr. Bailes who is in California, re: the subject of your letter of June 25th.

I am suggesting to Mr. Bailes that he comply with the Order of the commission.

Very sincerely

Tibo J. Chavez

cc: Thomas J. Bailes
524 South Spring Street
Los Angeles, California

File,
WAM

6/30/52

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention:-

Mr. Alvis A. Utz:
Gas Engineer

Re: The Bailes-Von Glahn #1 S WSE
Sec. 5-6N-1E Valencia County

Dear Mr. Utz:-

We are inreceipt of a letter from Lt. Governor Tibo J. Chavez, inrespect to the abandonment of the well in Valencia County, near the Junction of Dalies. This is to advise you that we are going to arrange to have this well abandon subject to your approval within the next week or ten (10) days.

Thanking you for your courtsies in this matter, I am

Yours very truly

T. W. Bailes

TWB/sp

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

July 14, 1952

Mr. T. W. Bailes
512 - 524 South Spring Street
Lissmer Building
Los Angeles, California

Re: Von Olahn #1 SWSE
Section 5, Twp. 6S,
Rge. 1E, Valencia County

C O P Y

Dear Sir:

In reference to your letter of June 30, 1952 wherein you stated that you were going to arrange to have this well abandoned subject to our approval within the next week to ten days. At this writing, we have heard nothing further from you. Rather than to continue corresponding, I wish to advise that unless you have made definite moves toward the plugging and abandoning of the above subject well by July 30, 1952, we will turn the matter over to your bonding company for disposition.

Very truly yours,

ELVIS A. UTZ
Gas Engineer

EAU:lh
cc: Hon. Tibo J. Chavez
Office of the Lt. Governor

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 29, 1951

Mr. Boyd E. Gerner
P. O. Box 61 - Main Office
Albuquerque, New Mexico

Dear Sir:

This acknowledges receipt of your letter of May 25, 1951.

In all hearings before the Commission, the regular form of publication of notice as provided by statute is used.

Thank you for the information contained in your letter.

Very truly yours,

R. R. Spurrier
Secretary - Director

RRS:mr

COPY

211

Gerner Oil Co.

GERNER OIL CO. INCORPORATED APRIL 22, 1946 CALIFORNIA

MUtual 1555

BUSINESS ADDRESS
221 WELCOME ST., LOS ANGELES, CALIF.

ADDRESS ALL COMMUNICATIONS TO:
P.O. BOX 6363 METROPOLITAN STATION
LOS ANGELES 55, CALIFORNIA

Albuquerque, New Mexico
May 25, 1951

Mr. R. R. Spurrier
Secretary and Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Spurrier:

The writer was in Santa Fe during the week of the meeting of the Oil Compact of the various Western States, and talked with you in your office, and also with Mr. Frank Barnes, and Mr. Elvis Utz, regarding the plugging of the Old Dalies Well known as the Bailes - von Glahn Well #1, situated on Lot 52, Section 5, T6N, R1E, being the NW¼ SW¼ SE¼ of Section, 5, T6N, R1E.

It was hoped at the time I talked with you gentlemen that the complaint which I made regarding this above mentioned well and the immediate plugging of the same for the reason that it was commenced on August 1, 1948, and was abandoned in September of 1949, that immediate action would be taken by the Oil Conservation Commission to officially plug this well at once, but I was informed that a hearing was to be held on May 22, 1951 and I would be notified by letter to be present and make this complaint in person.

Inasmuch as I was not notified, and it was inadvertantly overlooked by me and since I talked with one of your men, Mr. Frank Barnes, on Wednesday May 23, it was suggested that I write this letter to further enumerate on my complaint so that it could possibly be attached to your findings and your discussions while you were in conference on May 22, and May 23, and made a supplement thereto, regarding this flagrant attitude on the part of the operators, namely: T. W. Bailes; Elmer C. von Glahn; and Elizabeth Y. Sketchley, and their defiance to comply with your recent order of April 8, 1951 in officially plugging and abandoning the above mentioned well in the presence of officials from the New Mexico Oil Conservation Commission.

no order

In June of 1950, when Mr. John Lynn, and Mrs. Edna Lynn, husband and wife, of Los Angeles, California, were in New Mexico, we met in the office of Mr. Elvis Utz, to see what could be done in either having this well completed, or officially abandoned, and most of these complaints were made by Mrs. Edna Lynn who with Mrs. Elizabeth Y. Sketchley were the two Agents whose names and addresses were placed in the RIO GRANDE COMMUNITY OIL AND GAS LEASE, and Mrs. Lynn insisted at that time that she wanted action taken for the reason that from 25 to 30 landowners in the community lease were calling her daily on the telephone to find out what was being done, or what Mr. Bailes or Mr. von Glahn

were going to do in the completion of the Bailes - von Glahn Well, or the official abandonment of the well.

Inasmuch as the writer is a large property owner in the Dalies sector on the upper end of the San Clemente Grant where this particular well was located, and also the new location of the well which was "spudded in" on March 13, 1951 by T. W. Bailes, Harry A. Houser, et al., on Lot 64, in Section 32, T7N, R1E, please be advised that these wells should be immediately plugged in order to protect the vast amount of acreage both owned and leased by the writer, and by the hundreds of other property owners in the immediate vicinity of these two wells.

A complete list of equipment and casing has been furnished to Mr. Utz, in the form of a certified mortgage placed on the equipment and casing by Mrs. Elizabeth Y. Sketchley at one time and this mortgage did contain a true description of all of the oil well equipment and casing located on the Bailes - von Glahn Well as per the recorded mortgage, and it can be assumed that the casing specified in the mortgage is the casing now cemented in this well.

Furthermore, if it will assist the cause of the property owners in the area immediately surrounding these wells, to have a further complaint made in the form of a petition and signed by a great number of these landowners, including their descriptions, and should the Commission desire the same, then please notify the writer and he will immediately proceed to obtain these signatures to be attached as a supplement to your report and findings.

Trusting that the information contained in this letter is suffice at this time to cover the complaints now prevalent regarding these two wells and it is sincerely hoped that your honorable body or the Oil Conservation Commission will take immediate steps to remedy the conditions herein complained.

Most respectfully yours,

GERNER OIL CO.

Boyd E. Gerner

BOYD E. GERNER

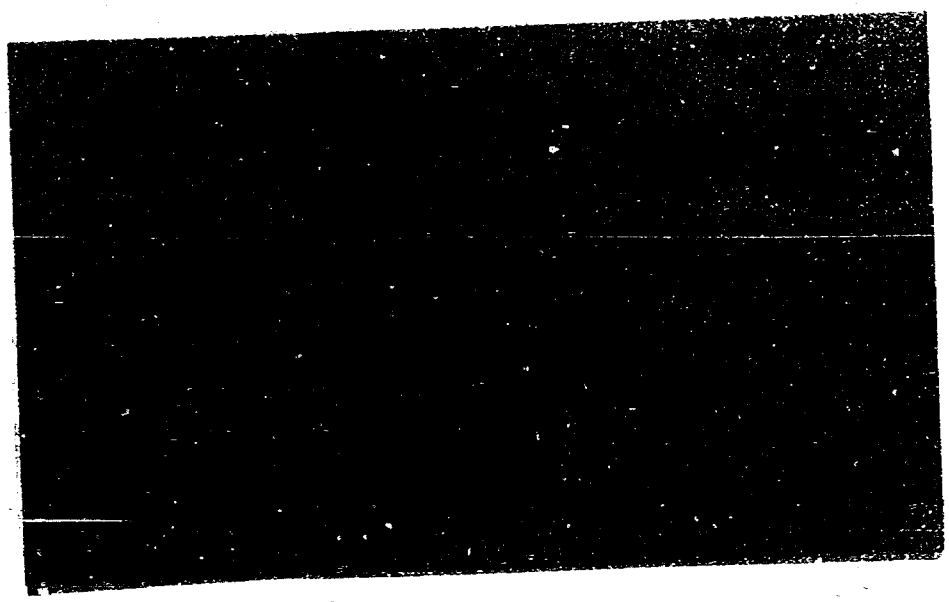
BEG:aa

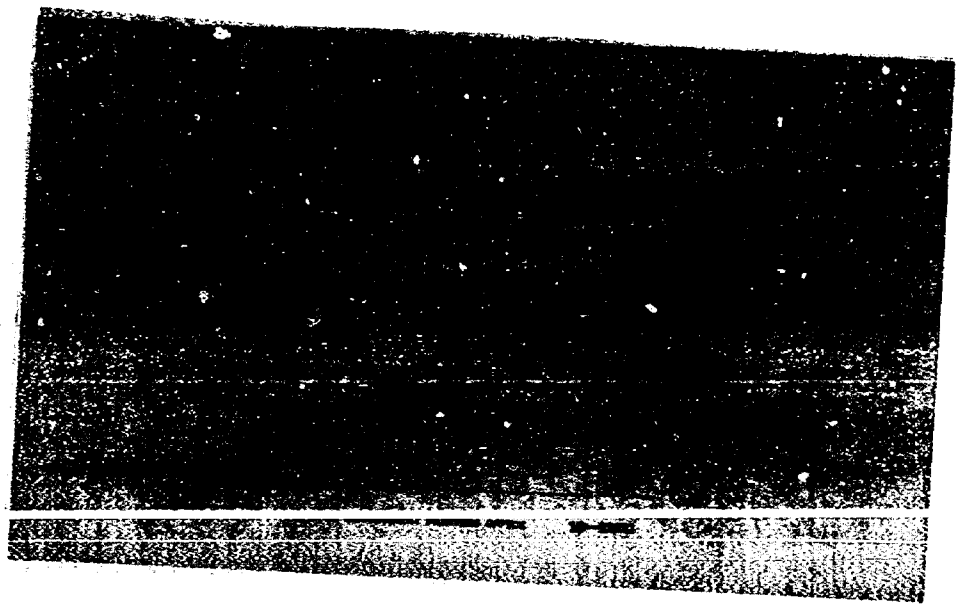
P.O.Box #61 Main Office
Albuquerque, New Mexico

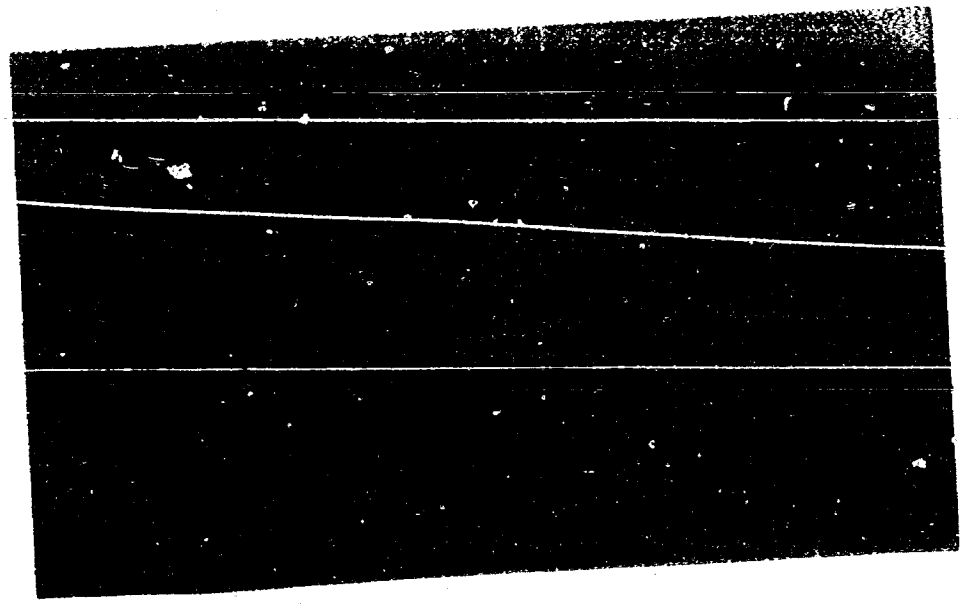
Telephone: 3-1812

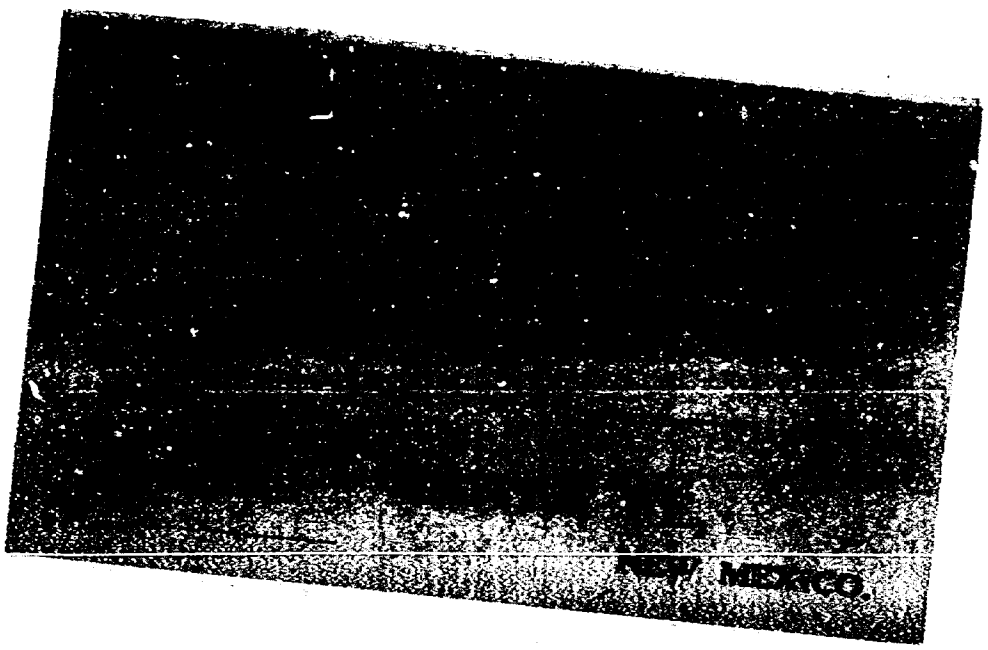
Called Post Ofc - 1-9-52
(Nilla) —

on why no return card
from Berger?








New Mexico

Registered Mail—Fees for indemnity limited to:

$5	25¢	$200	60¢	$700	$1.20
25	35¢	300	70¢	800	1.30
50	40¢	400	85¢	900	1.40
75	45¢	500	1.00	1,000	1.50
100	50¢	600	1.10		

The fee on domestic registered matter without intrinsic value and for which indemnity is not paid is 25 cents.

Domestic registered mail is subject to surcharges when the declared value exceeds the maximum indemnity covered by the registry fee paid. Fees on domestic registered O. O. D. mail range from 55 cents to $1.55. Indemnity claims must be filed within 1 year (C. O. D., 6 months) from date of mailing.

Consult postmaster as to the registry fees chargeable on registered parcel post packages for foreign countries. o7—16—19433-4

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75	45¢	500	1.00	1,000	1.50
100	50¢	600	1.10		

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75	45¢	500	1.00	1,000	1.50
100	50¢	600	1.10		

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Form 3806-S (Rev. 3-49)

Receipt for Registered Article No. 6196

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Fee paid 25 *cents.* *Class postage*

Declared value Surcharge paid, $

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Delivery restricted to addressee:

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Accepting employee will place his *initials* in space indicating restricted delivery.

67—16—19433-4

VIA AIR MAIL

NOTICE TO SENDER—Enter below name and address of addressee as identification. Preserve and submit this receipt in case of inquiry or application for indemnity.

(Name of addressee) (P. O. and State of address)

Form 3806-S (Rev. 3-49)

Receipt for Registered Article No. 6197

Postmaster per

POSTMARK

Fee paid 25 *cents.* *Class postage*

Declared value Surcharge paid, $

Return Receipt fee 05 Spl. Del'y fee

Delivery restricted to addressee:

in person , or order *Fee paid*

Accepting employee will place his *initials* in space indicating restricted delivery.

67—16—19433-4

VIA AIR MAIL

NOTICE TO SENDER—Enter below name and address of addressee as identification. Preserve and submit this receipt in case of inquiry or application for indemnity.

(Name of addressee) (P. O. and State of address)

Form 3806-S (Rev. 3-49)

Receipt for Registered Article No. 6198

Postmaster per

POSTMARK

Fee paid 25 *cents.* *Class postage*

Declared value Surcharge paid, $

Return Receipt fee 05 Spl. Del'y fee

Delivery restricted to addressee:

in person , or order *Fee paid*

Accepting employee will place his *initials* in space indicating restricted delivery.

67—16—19433-4

VIA AIR MAIL

NOTICE TO SENDER—Enter below name and address of addressee as identification. Preserve and submit this receipt in case of inquiry or application for indemnity.

(Name of addressee) (P. O. and State of address)

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

December 26, 1951

United States Casualty Company
c/o Mr. Walter O. Berger, Resident Agent
215 South 3rd Street
Albuquerque, New Mexico

Gentlemen:

We are sending you herewith Oil Conservation Commission Order R-66, issued in relation to Case 277: The application of the Oil Conservation Commission of New Mexico upon its own motion for an order directed to T. W. Bailey, Elizabeth Y. Skotchley and Rio Grande Community to show cause why they should not plug the Rio Grande Community Skotchley Well No. 1, SW SE Section 5, Township 6 North, Range 1 East, NMPM, Valencia County, N. M.

As you will recall, this case first came before the Commission in formal hearing on May 22, 1951. On May 29 you wrote us to inquire as to the status of the one-well bond covering the location, said bond being carried by your company for Elizabeth Y. Skotchley, principal.

Our present order, dated December 20, will be self-explanatory. The signed copy is being sent to you as representative of the bonding company, upon whom plugging responsibility rests in event of default of the principal. Copies will be sent to Elizabeth Skotchley and to T. W. Bailey, operator, in care of the last address we have in our files: 2909 Michigan Avenue, Los Angeles 33, California. You will note the 30-day provision for compliance with the order, which gives the principal until January 20, 1952, to carry out proper procedures for plugging and abandonment.

We trust that we may hear from you or the principal in this matter.

Very truly yours,

RRS:nr

R. R. Spurrier, Secretary

cc: Elizabeth Y. Skotchley
T. W. Bailey

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 277
ORDER NO. R-66

THE APPLICATION OF THE OIL CONSERVATION COMMISSION OF NEW MEXICO UPON ITS OWN MOTION FOR AN ORDER DIRECTED TO T. W. BAILES, ELIZABETH Y. SKETCHLEY, AND RIO GRANDE COMMUNITY, TO SHOW CAUSE WHY THEY SHOULD NOT PLUG THE RIO GRANDE COMMUNITY SKETCHLEY WELL NO. 1, SW/4 SE/4 SECTION 5, TOWNSHIP 6 N., RANGE 1E., NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on regularly for hearing at 10 o'clock a. m. on May 22, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this day of December, 1951, the Commission, a quorum being present, having fully considered all the testimony adduced and exhibits received at said hearing, and being fully advised in the premises,

FINDS: (1) That due public notice having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That inspection of the location of the Rio Grande Community Sketchley Well No. 1, SW/4 SE/4 Sec. 5, Twp. 6N., Rge. 1 E., NMPM, by a representative of the Commission discloses the well bore has not been plugged, although the premises and pits clearly show long abandonment, and for the prevention of underground waste and for location cleanup, the well bore should be plugged as required by the Rules and Regulations of the Commission.

(3) That T. W. Bailes, Elizabeth Y. Sketchley, Rio Grande Community, or any other person, business association, or corporation asserting any interest, right, title, claim or demand in or to said well made no appearance in the case, either personally or by attorney, although properly served with notice in accordance with law and the Rules and Regulations of the Commission.

IT IS THEREFORE ORDERED:

(1) That T. W. Bailes, Elizabeth Y. Sketchley, the Rio Grande Community, and/or the United States Casualty Company, New York, New York, as surety for Elizabeth Y. Sketchley, an individual, and all persons claiming any right, title, or interest in or to that certain

Case No. 277
Order No. R-66

well bore located upon the SW/4 SE/4 Section 5, Township 6 N., Range 1 E., NMPM, Valencia County, New Mexico, are hereby declared to be in default.

(2) That said well bore upon SW/4 SE/4 Section 5, Township 6 N., Range 1 E., NMPM, is hereby declared abandoned and shall be plugged in accordance with the Rules and Regulations of the Commission; provided, however, that T. W. Bailes, Elizabeth Y. Sketchley, the Rio Grande Community, and/or any person claiming any right, title or interest in or to said well bore may have thirty (30) days from the date of this order within which to retrieve recoverable material from said well bore if any there be, casing now in the well excepted, and to properly plug said well bore in accordance with the rules of this Commission and to clear up the premises; upon failure hereunder within the time specified herein the Commission shall call upon the surety company, the United States Casualty Company, New York, New York, c/o Walter O. Berger, Albuquerque, New Mexico, resident agent, at its own expense, to immediately plug the said well bore in compliance with the Rules and Regulations of this Commission.

DONE at Santa Fe, New Mexico, on the day and year herein-above written.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

Guy Shepard

GUY SHEPARD, Member

R. R. Spurrier

R. R. SPURRIER, Secretary

SEAL

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

INSPECTION REPORT

May 21, 1951

The Bailes No. 1 SW/4 SE/4 Section 5, T. 6N, R 1 E, Rio Grande Community No. 1 - Valencia County, New Mexico.

This location was inspected this date and the report is as follows:

1. C-101 was dated April 16, 1948 and was drilled on Patented land owned by Elizabeth Y. Sketchley and was reported to have spudded August 1, 1948.

2. Well drilled at intervals until about a year ago. There has been no activity since at this location, except to move the rig. Our last report of activity was February 28, 1949, from this location to a new location which I understand is located in Section 32-7N-1E.

3. This well is cased with 7" setting at 4523 - 700 sacks and 11 3/4 O.D. set at 281 feet, 225 sacks as reported on C-103 signed by T. W. Bailes.

4. Authoratative information has been received to the effect that a drill collar was lost and a whipstock set to bypass this. Also that a fish tail and a bit is in the bottom of the shipstocked hole. Failure to recover these tools is believed to render the well bore untendable.

5. No samples have been given the Commission or the State Bureau of Mines at Socorro. Even though they were requested on several occasions.

6. No daily record of the drilling activity was available to the Commission. The last inspection of the location was May 21, 1951 and resulted in the following report.

At the surface there are 3 strings of casing visible - 18" 11 3/4 and 7" - a wooden plug is driven into the top of the 7". The 6x6x3 feet cellar is open. A 10x20x5 feet boarded mud pit is left open as are 2 other mud pits of less depth. The location is generally cluttered with old bits, chains, cable, and other miscellaneous junk.

Recommendations:

I would recommend that the bonding company be notified that this location be plugged and abandoned as follows:

1. Run a wire line to get the actual depth.

2. Specify plugging program and plug.

I recommend that this be done at once.

ELVIS A. UTZ,
Gas Engineer

UNITED STATES CASUALTY COMPANY

SIXTY JOHN STREET NEW YORK, N.Y.

ROCKY MOUNTAIN CLAIM DIVISION
G. R. THRUSTON, MANAGER
856 GAS & ELECTRIC BUILDING

DENVER 2, COLO.,
January 9, 1952

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

ATTENTION: Mr. R. R. Spurrier, Secretary

RE: 55-Bond-145, Well Bond U-417025 - 5456 Elizabeth Y. Sketchley

Gentlemen:

We have yours of December 26th addressed to the United States Casualty Company, care of Mr. Walter O. Berger, Agent at Albuquerque concerning the Commission's Order R-66 issued in relation to Case No. 277.

It is my intention to be in Albuquerque sometime next month at which time I will discuss this matter with you.

Very truly yours,

G. R. THRUSTON,
Manager Claim Division

GRT:m

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 277
ORDER NO. R-66

THE APPLICATION OF THE OIL CONSERVATION COMMISSION OF NEW MEXICO UPON ITS OWN MOTION FOR AN ORDER DIRECTED TO T. W. BAILES, ELIZABETH Y. SKETCHLEY, AND RIO GRANDE COMMUNITY, TO SHOW CAUSE WHY THEY SHOULD NOT PLUG THE RIO GRANDE COMMUNITY SKETCHLEY WELL NO. 1, SW/4 SE/4 SECTION 5, TOWNSHIP 6 N., RANGE 1E., NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on regularly for hearing at 10 o'clock a. m. on May 22, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of December, 1951, the Commission, a quorum being present, having fully considered all the testimony adduced and exhibits received at said hearing, and being fully advised in the premises,

FINDS: (1) That due public notice having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That inspection of the location of the Rio Grande Community Sketchley Well No. 1, SW/4 SE/4 Sec. 5, Twp. 6N., Rge. 1 E., NMPM, by a representative of the Commission discloses the well bore has not been plugged, although the premises and pits clearly show long abandonment, and for the prevention of underground waste and for location cleanup, the well bore should be plugged as required by the Rules and Regulations of the Commission.

(3) That T. W. Bailes, Elizabeth Y. Sketchley, Rio Grande Community, or any other person, business association, or corporation asserting any interest, right, title, claim or demand in or to said well made no appearance in the case, either personally or by attorney, although properly served with notice in accordance with law and the Rules and Regulations of the Commission.

IT IS THEREFORE ORDERED:

(1) That T. W. Bailes, Elizabeth Y. Sketchley, the Rio Grande Community, and/or the United States Casualty Company, New York, New York, as surety for Elizabeth Y. Sketchley, an individual, and all persons claiming any right, title, or interest in or to that certain

Case No. 277
Order No. R-66

well bore located upon the SW/4 SE/4 Section 5, Township 6 N., Range 1 E., NMPM, Valencia County, New Mexico, are hereby declared to be in default.

(2) That said well bore upon SW/4 SE/4 Section 5, Township 6 N., Range 1 E., NMPM, is hereby declared abandoned and shall be plugged in accordance with the Rules and Regulations of the Commission; provided, however, that T. W. Bailes, Elizabeth Y. Sketchley, the Rio Grande Community, and/or any person claiming any right, title or interest in or to said well bore may have thirty (30) days from the date of this order within which to retrieve recoverable material from said well bore if any there be, casing now in the well excepted, and to properly plug said well bore in accordance with the rules of this Commission and to clear up the premises; upon failure hereunder within the time specified herein the Commission shall call upon the surety company, the United States Casualty Company, New York, New York, c/o Walter O. Berger, Albuquerque, New Mexico, resident agent, at its own expense, to immediately plug the said well bore in compliance with the Rules and Regulations of this Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

EDWIN L. MECHEM, Chairman

Guy Shepard

GUY SHEPARD, Member

R. R. Spurrier

R. R. SPURRIER, Secretary

SEAL

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

June 13, 1951

COPY

U. S. Casualty Company
215 South Third Street
Albuquerque, New Mexico

Re: Elizabeth Sketchley
One Well Bond Form 39-B1
U-417025 - 5456

Attention: Mr. Walter O. Berger

Dear Mr. Berger:

This will acknowledge receipt of your letter of May 29, regarding the above captioned bond.

I am enclosing a copy of my last inspection report on the well for which this bond was written, which I believe will be self-explanatory.

On May 22, Mr. Bailes and all interested parties were called to Santa Fe to show cause why he should not plug and abandon this project. No one put in an appearance and the Commission is now in the process of promulgating an order based on the information available. At this time it looks as though your company will be called upon to plug and abandon this well. However, this letter will not serve as notification of such, and a copy of the order will be sent you.

Yours very truly,

ELVIS A. UTZ,
Gas Engineer

EAU/lr
Encl.

UNITED STATES CASUALTY COMPANY

SIXTY JOHN STREET NEW YORK, N.Y.

RECEIVED
STATE LAND OFFICE
MAY 31 10 48 AM '51
SANTA FE, N.M.

BERGER, BRIGGS AND HICKS
INSURANCE - BONDS - REAL ESTATE
215 So. THIRD STREET, ALBUQUERQUE, N. M.
TELEPHONE: DIAL 6623

May 29, 1951

State Land Office
Santa Fe, New Mexico

Gentlemen:

Re: ELIZABETH SKETCHLEY
One Well Bond Form 39-B1
U-417025 - 5456

On April 16, 1948 we issued in behalf of the above captioned "One Well Bond Form 39-B1" in the amount of $5,000.

According to local newspapers we are informed that the principal is involved in some difficulties in the State of California and we are wondering if you would be good enough to inform us the status of the well for which our bond was written.

Many thanks.

Yours truly,

BERGER, BRIGGS & HICKS

By: Walter O. Berger

WOB/mg

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO,
RECEIVED
JUN 6 1951

Case 27

THOMAS W. BAILES
2809 Michigan Avenue
Los Angeles 33, Calif.

April 20, 1951.

Hon. William Neely
Judge of the Superior Court
Department 44
Los Angeles, California

Your Honor:

When Elizabeth Y. Sketchley and I stood before Your Honor in department 44 of the Superior Court in Los Angeles, you requested that we give a statement in writing of past and future plans of operations in respect to drilling for oil in Valencia County, New Mexico.

There were two wells drilled to better than 6,000 feet. The first well was handled by the Berger brothers, who live in Los Angeles, which one I deepened for them as a Contractor in the year 1937. At the time I took over, the well was standing idle with a string of casing stuck at 5500 feet. My contract read to 6,001 feet. According to the statement from Mr. Luna Bergere, this well had already been drilled to 6,000 feet where a core of the formations had been taken from the bottom which revealed 8 feet of highly saturated oil sand and which I verified through other sources that had been working on the well. They paid me $20,000. for deepening this well approximately 500 feet as well as some oil and gas leases and a deed for a group of townsite lots. They had, prior to my operations, had the townsite surveyed by the Ross Engineering Co. of Albuquerque, New Mexico and a copy of said map is enclosed herewith. I proceeded and deepened said well to 6,001 foot level. I picked up the sands that cut oil and carried gas at 5,974 feet. At this point of 6,001 feet, Mr. Luna Bergere came down from Los Angeles and said that he would like to explore deeper in order to verify the thickness of this sand as near as possible. He paid me additional money for this. We went to a total depth of 6,114 feet. This was drilled with a core barrel to take cuts and samples of all formations passed through. At this depth, an attempt was made to place the well on production. Due to the small size of the hole, a cement job could not be perfected so as to shut off the water from the oil horizon. Naturally, we were through and pulled our tools and left. I was satisfied in my own mind that this was an oil field as I had worked in the oil fields as a helper and as a driller and later a contractor for many years and had seen and helped to bring in many oil wells to successful completion and will say I never have seen any better showings in all my experience. You will understand, Your Honor, that this well was not started large enough in the

beginning. Many other ventures in the oil business have had to be done over even by the major oil companies in wild cat territories.

We have had two geologist reports in our possession which were made after they actually saw the oil sands which is proof of the pudding. We also have four geologists reports which were made prior to the drilling. These were made by licensed geologists and which are favorable in every respect to an oil field.

A few years later, I met a man from Minneapolis, by the name of F. W. Clifford who, in my understanding, was a very wealthy man. I introduced him to the Old Spanish Grants. He made a deal with them to drill a well, erected a derrick, and moved in 6,001 feet of 7" O.D. casing. Later on, he refused to go through with the drilling due to the fact that he could not get as much land under lease as he desired. Mr. Clifford said to me, "Tom, I am not going to take that derrick and casing off the ground for some time and it will give you a chance to work out a deal." As I was sold on the property so hard, I then went to the Bergere brothers who had been selling this land for many years and who had sold to approximately 2,000 people. I asked them if they would assist me in gathering a lease for the purpose of drilling a well and they said that they would. They gave me access to their kardex names and addresses. I tried various ways to raise the money to finance the drilling of a well - organized a stock company, got a permit from the State of California to turn 160 acres into the Four Star Oil Company, sell 100,000 shares to the general public - paying 20% commission to salesmen and taking a like amount of shares for promotion. This did not work. I returned their money and and abandoned the idea.

I went to Mr. Elmer C. Von Glahn in Corcoran, California and told him what I had done in Valencia County, New Mexico and what I had seen regarding the possibilities of oil. We worked out a deal for $40,000. and then started gathering leases. In the meantime, Mr. Clifford gave me a Bill of Sale to the derrick and casing telling me that he was going to have an operation and in the event anything happened to him, he wanted me to have this material so that I could go ahead and drill a well. But he wanted it understood verbally that when I got on my feet, I would pay his estate for this equipment and material for he knew that if anything did happen to him, his sons would sell it all out from under me. I finally drilled this well to 6,099 feet - this being the second well. The last string of casing which I ran through, for some unforeseen and unknown reason, collapsed.

After contacting the Sunol Oil Company, it was decided to drill an entirely new well. The Sunol Oil Company has supplied $50,000. to date. They are using Mrs. Sketchley's and my drilling machinery free of cash cost. I told them at the time the agreement was reached, that I had enough faith in the project, that in the event they did not get a commercial producer, I would give them a Bill of Sale to the drilling machinery so they might reimburse themselves to a part or all of the money they had spent. If I had not believed

in this project, I would not have agreed to give them the equipment. I would have sold it, or rented it, and abandoned the idea.

At the time I made the agreement with the Sunol Oil Company, a part of the contract was that I Must supervise the job as they felt that I had gone through enough experience to properly drill the hole and set the casing at the right spot.

The drilling has commenced and the surface casings set and cemented. The rig is standing and waiting as the Sunol Oil Company is running records in Valencia County to ascertain that all taxes and titles are in good standing to lands covered by the Rio Grande Community Oil & Gas lease. Any and all landowners who have their lands under lease to the Rio Grande Community Oil & Gas lease will participate in the well now being drilled and any and all other wells drilled on the Rio Grande lease.

I feel, Your Honor, that I have done everything in my power to bring in a well and make everyone happy and sincerely believe this time that we are going to bring this well to a successful completion.

After all, the land that we sold is a minor fraction to what lands have been sold. The Old Spanish Grants, I imagine, sold in the neighborhood of 25,000 acres and Mr. Boyd E. Gerner, I imagine, has sold in the neighborhood of 5,000 acres. The Oil News in Albuquerque, every 15 days, has advertisements showing potential oil lands and royalties for sale.

In the indictment made against Elizabeth Y. Sketchley and myself, we are charged with selling interest in oil, gas and mining leases. This is not true. The land we sold is bounded and described and covers a certain lot or acrage of land and is not designated as some 100th part of some lot or acrage. They also charge us with conspiracy, which never did exist in any shape form or manner. They also claim they have Grand Theft charges - which is absolutely ridiculous. They also say we have sold oil stock in the Dalies Company in California. We never sold one share of stock in the Dalies Oil Company in the State of California. The stock was sold and the deal consummated in New Mexico. I believe this charge was thrown out at the preliminary hearing.

If there was anything wrong, your Honor, in selling this land, why did lawyers and even ex-judges buy it? We can prove all this and produce it in court. Your Honor, I do not believe we have defrauded anyone. If we have, it was certainly not knowingly or intentionally. I believe each and every landowner who has purchased land from Sketchley or myself, will no doubt realize the true value of their investment. There have been several mistakes made regarding some of the deeds given out. Many typographical errors were made and in some instances our records were not kept too well. Perhaps, too, wrong legal descriptions were placed on the deeds but we have been rectifying these mistakes as fast as possible by giving other lands to replace the old deeds. Your Honor, we will continue to do so until everything has been corrected. In many instances it was not our fault as

the deeds were placed as of record and the deeds were then recorded incorrectly - together with further instances where the legal description on the deed was transferred to the record incorrectly.

Prior to the indictment against us, I learned that it was rumored that I had given deeds to the same lands twice - or even more times. I immediately placed an "ad" in the New Mexico Oil News in Alburquerque to the effect that we wanted everyone who had purchased land either from Bailes, Sketchley, Karo, Young or Rainey, to send in the legal description so that we could verify or rectify the description of the property. We also had the Albuquerque Abstract & Title Company run these records involving an expense of $250. in order that we could have the correct information and correct such erroneous deeds and this research showed just two sales on the same parcel of property.

We knew at all times that we had nothing to do with the Corporation Department but someone told us that we might be under the jurisdiction of the Real Estate Commission. We therefore purchased the real estate book and found the provision which stipulated that in the event you are engaged in drilling a well, you are exempt from requiring a license to sell land. If Your Honor desires, we will present this in Court.

Your Honor, for your further information regarding oil in this area, a man who lives in Albuquerque by the name of Virgil Wheeler, tells me that after I left the first well that I had deepened under contract with the Bergere's, that a pump was set at the top of the water level and the oil being much lighter than the water migrated from the bottom and set on top of the water. They would pump off about 28 to 30 barrels of oil per day of 38 gravity paraffin base oil. Mr. Wheeler says in his opinion, drilling a well in this area is drilling an off set well in a proven oil field.

I realize now that we should never have pleaded guilty to any one of the counts. Mrs. Sketchley fought this all the way through and was very opposed to it. I was actually frightened into doing so. As a matter of fact, we did not clearly know to what we had pleaded guilty.

Respectfully yours,

Thomas W. Bailes

TWB:mm
Encl.(1)

Registered Mail—Fees for indemnity limited to:

$5	25¢	$200	60¢	$700	$1.20
25	35¢	300	70¢	800	1.30
50	40¢	400	85¢	900	1.40
75	45¢	500	1.00	1,000	1.50
100	50¢	600	1.10		

The fee on domestic registered matter without intrinsic value and for which indemnity is not paid is 25 cents.

Domestic registered mail is subject to surcharges when the declared value exceeds the maximum indemnity covered by the registry fee paid. Fees on domestic registered O. O. D. mail range from 55 cents to $1.55. Indemnity claims must be filed within 1 year (C. O. D., 6 months) from date of mailing.

Consult postmaster as to the registry fees chargeable on registered parcel post packages for foreign countries.

c7—16—19433-4

Registered Mail—Fees for indemnity limited to:

$5	25¢	$200	60¢	$700	$1.20
25	35¢	300	70¢	800	1.30
50	40¢	400	85¢	900	1.40
75	45¢	500	1.00	1,000	1.50
100	50¢	600	1.10		

The fee on domestic registered matter without intrinsic value and for which indemnity not paid is 25 cents.

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stmaster as to the registry fees chargeable on registered parcel post packages countries.

c7—16—19433-4

Form 3806-S (Rev. 3-49)

Receipt for Registered Article No. 11066 Postmaster per

Fee paid 25 *cents.* *Class postage* 1

Declared value — Surcharge paid, $

Return Receipt fee 5 Spl. Del'y fee

Delivery restricted to addressee:

In person ....., or order ..... *Fee paid*.....

Accepting employee will place his *initials* in space indicating restricted delivery.

POSTMARK SANTA FE, N. MEX. MAY 7 1951

NOTICE TO SENDER—Enter below name and address of addressee as an identification. Preserve and submit this receipt in case of inquiry or application for indemnity.

J. W. Bailey Los Lunas

(Name of addressee) (P. O. and State of address)

Form 3806-S (Rev. 3-49)

Receipt for Registered Article No. 11067 Postmaster per

Fee paid 25 *cents.* *Class postage* 1

Declared value — Surcharge paid, $

Return Receipt fee 5 Spl. Del'y fee

Delivery restricted to addressee:

In person ....., or order ..... *Fee paid*.....

Accepting employee will place his *initials* in space indicating restricted delivery.

POSTMARK SANTA FE, N. MEX. REGISTERED MAY 7 1951

NOTICE TO SENDER—Enter below name and address of addressee as an identification. Preserve and submit this receipt in case of inquiry or application for indemnity.

Elizabeth [illegible] L. C.

(Name of addressee) (P. O. and State of address)

Arbogast.
312 S. 3rd.
Phone - 3-4207

Gerner
1022 N. Silver Apt. 3.
Box 61 P.O. Box.
alb.

Claude Oswald, Phone 626
Ser. Ste. 1 mi. E of Los Lunas
on Mab Road, 6

Krill-Collier. 2 of them.
unlegentous in hole.
5000 ft. Casing.
5500 ft. est T.D.

Crew from L.A. to remove
Bailer Rig & all mfg out.
SE - 32 - 7N - 1E
now on lot 52 - sec. 5 - 6N - 1E
Will send Cer. Copy of Mortgage
on casing.

NEW MEXICO
OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

INSPECTION REPORT

July 7, 1950

Rio Grande Community
(T. W. Bailes, Supt.)
SWSE 5-6N-1E, Valencia County

This location was inspected by Frank Barnes and myself. This well has not been operated for some 10 or 11 months. The rig is still over the hole and the block is resting on the top of the casing. The Kelly is laying on the racks and there is no drill pipe at the location.

The pits are 4 or 5 feet deep with boarded sides. The immediate area is fenced to keep out livestock. The rig is a rotary Diesel-Butane powered and looked to be practically new. There was evidence that a watchman was spending at least some [redacted] time in a small shack on the location.

From the looks of things, I would have the impression that no activity was planned in the near future. There have been reports that 500 ft. of drill pipe and at least two bits are in the bottom of the hole which I am sure would prevent any further operation.

Elvis A. Utz
Gas Engineer

EAU:bw

9/6/50 Still tearing down rig.

T. M. Bailey Pres, Rio Grande Oil.
Room 335 H. W. Hellman Bldg.
354 South Spring St.
Los Angeles 13, Calif.

Witnesses who could give testimony.
Edna M. Lynn. & Mr. Lynn.
570 S. Mode Ave.
L.A. (22), Calif.

Mr. B.E Gerner
P.O. 6363, Metropolitan Sta.,
L.A. (55) Calif.

Regarding: Rio Grande Community -
Sketchley - #1 SWSE Sec. 5,
6N. 6E, N.M.P.M. Valencia Co. N. Mex.
Sketchley (Elizabeth J.) Signed C-101 as
(Same address as Bailey) owner of abovewell.

Reasons for calling hearing.
1. Show cause why he should not
Plug & Abend. Applied for temporary
abandonment. Letter of 7/9/50
2. Well has been inactive for at least
11 mo.
3. No. Report to Commission since
Feb. 28, 1949.
4. No. Well log submitted. C-105
5. No. Samples to Bureau of mines?
Ordered analy. to date

In re:
Elizabeth Y. Ketchley, one of clients mentioned herein, is holder of one-well bond covering operation in 5-6N-1E, still in effect —
just for the record.
N.K. (11-16-59)

276?

November 16, 1950

ROBERT W. BEALE, STATE AGENT
FIDELITY FUND INDEMNITY COMPANY
Gas and Electric Building
Denver 2 - Colorado

Attention: Mr. E. O. Jackson

Gentlemen:

In compliance with your request of November 8, 1950, we enclose copies of One-well bond form which, properly filled in and executed, is necessary for performance of an individual drilling operation in the State of New Mexico. It should be noted that this $5,000.00 one-well bond is a plugging bond.

For your information and that of your client, we are forwarding under separate cover a copy of the Oil Conservation Commission's Rules and Regulations. Rule 101 pertaining to the required plugging bond is on page 8.

Very truly yours,

OIL CONSERVATION COMMISSION

By: /

NR

Form sent 11-16-50

FIREMAN'S FUND INDEMNITY COMPANY
HEAD OFFICE • SAN FRANCISCO

ROCKY MOUNTAIN SERVICE OFFICE
840 GAS AND ELECTRIC BUILDING
DENVER 2, COLORADO

ROBERT W. BEALE, STATE AGENT
BERT F. FRAZZINI, SPECIAL AGENT

TELEPHONE ALPINE 4603

November 8, 1950

State Mining Bureau
Oil Well Drilling Dept.
Santa Fe, New Mexico

Re: Oil Well Drilling Bond to State of New Mexico - Site of Well "S.E.¼ of the SE Quarter of Section 32, Township 7, N. Range 1 E., Valencia County, New Mexico on behalf of Sunol Oil Company and Elizabeth Y. Sketchley, of San Jose, California

Gentlemen:

Will you kindly give us the bond form desired by the State in the above case, in order that proper form may be executed in due course. Self-addressed, stamped envelope enclosed for your convenience.

Very truly yours,

E. Jackson

Bond Dept.

EOJ
ENC.1
c.c. to Agent-Clive W. Carr, Los Lunas, N. M.
c.c. to Ed. Ketchum, Special Agent, Albuquerque

Case 277

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 1, 1951

Santa Fe New Mexican
Santa Fe, New Mexico

Gentlemen:

RE: Notice of Publication
Case 277

Please publish the enclosed notice one time immediately on receipt of this request. Please proofread the notice carefully and send a copy of the paper carrying such notice to this office.

Upon completion of publication, send publisher's affidavit in duplicate.

For payment, please submit a statement in duplicate, and sign and return the enclosed voucher. (Do not fill in.)

PLEASE PUBLISH NOT LATER THAN MAY 7, 1951.

Very truly yours,

R. R. Spurrier
Secretary - Director.

RRS:nr
Encl.

COPY

OIL CONSERVATION COMMISSION Case 277

SANTA FE, NEW MEXICO

May 1, 1951

COPY

Editor,
Valencia County Independent
Los Lunas, New Mexico

Dear Sir: RE: Notice of Publication
Case 277

Please publish the enclosed notice one time immediately on receipt of this request. Please proofread the notice carefully and send a copy of the paper carrying such notice to this office.

Upon completion of publication, send publisher's affidavit in duplicate.

For payment, please submit a statement in duplicate, and sign and return the enclosed voucher. (Do not fill in.)

If at all possible, please publish in your edition of May 3. If we miss that deadline, the following week will do, although the earlier issue is preferable.

Very truly yours,

R. R. Spurrier
Secretary - Director

RRS:mr
Encl.

Case 277

LEGAL ADVERTISING

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission, promulgated thereunder, of the following public hearing to be held May 22, 1951, beginning at 10:00 a. m. on that day in the City of Santa Fe, New Mexico, in the Council Chamber of the City Hall.

STATE OF NEW MEXICO TO: All named parties in the following cases and notice to the public:

CASE 277:

In the matter of the application of the Oil Conservation Commission of New Mexico, upon its own motion, for an order directed to T. W. Hailey, Elizabeth Y. Hailey, and Rio Grande Community to show cause why they should not plug a well known as Rio Grande Community, Hailey-Fed. 1, located in the SW-4 SE-4 Section 2, T. 6 N, R. 1 E, N.M.P.M., for lack of compliance with the Oil Conservation Commission rules and regulations.

GIVEN under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico on this 1st day of May, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
R. R. SPURRIER, Secretary

Pub. May 3, 1951.

Affidavit of Publication

State of New Mexico
County of Santa Fe } *ss.*

I, Will Harrison, being first duly sworn, declare and say that I am the (~~Business Manager~~) (Editor) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper once ~~each week~~ for 1 time ~~consecutive weeks, and on the same day of each week~~ in the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, once ~~each week~~ for 1 time ~~weeks consecutively~~, the first publication being on the 3rd day of May, 1951 ~~, and that the last publication of the day of~~ ~~, 19~~; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

Will Harrison
Editor ~~Manager~~

Subscribed and sworn to before me this 8th day of May, A.D., 1951

Anna K. Armstrong
Notary Public

My Commission expires
June 14, 1953

PUBLISHER'S BILL

35 lines, one time at $ 3.50

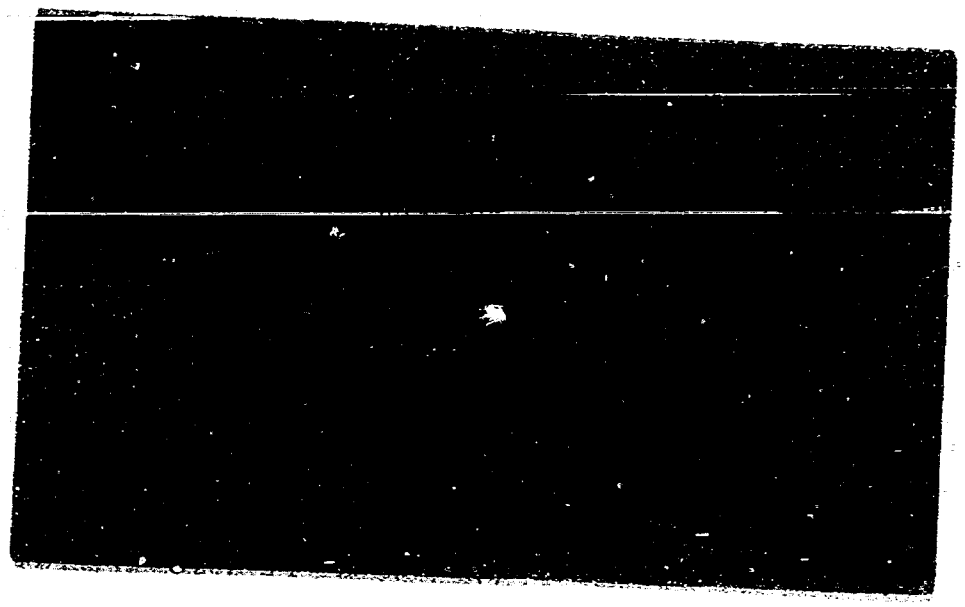
lines, times, $

Tax $

Total . . . . . $ 3.50

Received payment,

By



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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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STATE OF NEW MEXICO TO:

All named parties in the following cases and notice to the public:

Case 277

In the matter of the application of the Oil Conservation Commission of New Mexico, upon its own motion, for an order directed to T. W. Bailes, Elizabeth Y. Sketchley, and Rio Grande Community to show cause why they should not plug a well known as Rio Grande Community, Sketchley No. 1, located in the SW/4 SE/4 section 5, T.6 N, R.1 E, N.M.P.M., for lack of compliance with the Oil Conservation Commission rules and regulations.

GIVEN under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico on this 1st day of May 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier

R. R. SPURRIER, Secretary

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

May 29, 1951

Walter R. Campbell, Sr.
Margaret C. Campbell
1256 North Mariposa Avenue
Hollywood 29--California

Dear Sir and Madam:

This acknowledges receipt of your letter of May 26, 1951, with reference to your Valencia County, New Mexico, matter.

I am sorry that this Commission is not in a position to advise you as to the legality or non-legality of oil leases; as to this, it is only suggested that you consult a New Mexico lawyer.

With regard to the drilling operations on SE/4 SE/4 Sec. 32, Twp. 7 N, Rge. 1 E, NMPM, sometimes referred to by some people as San Clemente No. 1, you are advised that it is now shut down by order of the Commission for failure to observe any of the rules of this Commission. Before this operation could proceed without incurring the severe penalties provided by the Conservation Law, a plugging bond would have to be provided and approved before an approved location notice (our Form C-101) could be secured as authority to proceed with the drilling. The rules of this Commission further provide for various other reports as the operation may progress.

I hope that this information will suffice.

Very truly yours,

R. R. Spurrier
Secretary - Director

RRS:nr

Case File 271

1256 N. Mariposa Ave
Hollywood 29, California
May 26 - 51.

Oil Commissioner
Santa Fe, New Mexico

Dear Sir. We the undersigned have leased to Mr. T. W. Bailes thirty five acres of land, plus eight town lots in a community lease at Bailes, in Valencia County. As Mr. Bailes is now confined in jail, we understand that his associates expect to drill on this community lease in the very near future. Now our question is this. Do the laws of the State of New Mexico require that these leases be notorized. If so do you know if this law has been complied with. Otherwise what steps can we take to protect our interests there?

Thank you
Sincerely

Mr. R. Campbell Sr.
Margaret O. Campbell

Walter R. Campbell Jr
Margaret C. Campbell
1256 N Mariposa Ave
Hollywood 29, California

Dear Sir & Madam:

This acknowledges receipt of your letter of May 26, 1951, with reference to your Valencia County New Mexico matter.

I am sorry that this Commission is not in position to advise you as to the legality or non-legality of oil leases. As to this it is only suggested that you consult a New Mexico lawyer.

With regard to the drilling operations on SE¼SE¼ Sec. 32, Twp. 7 N. R 1 E, N.M.P.M., sometimes referred to by some people as San Clemente No 1, you are advised that it is now shut down by Order of this Commission for failure to observe any of the Rules of this Commission. Before this operation could proceed without incurring the severe penalties provided by the Conservation law, a plugging bond would have to be provided and approved, before an approved location notice (C-101.) could be secured as authority

to proceed with the drilling; the rules of this Commission further provide for various other reports as the operation may progress.

I hope this info. will suffice — ~~Trusting this information will be of some value to you~~

I am

Very truly yours

RR S

T. W. BAILES
Room 335 H. W. Hellman Bldg.
354 South Spring Street
Los Angeles 13, Calif.

Tele: MAdison 6-2544

Elizabeth Y. Sketchley

Mrs. E.M. Lipson.
Los Angeles. Cal.
570 S. Woods Ave.
L. A. (22), Cal.
Angelus 1-3225

Mr. B.E. Gerner
Wh. 31812
P.O. Box 61
Albuquerque.

P.O. 6363
Metropolitan Sta.
L.A. (55), Cal.
Mutual 1555

4600
4588 - oil Sand

4600 or 4300 - 7½ casing

Supposed to be 6099 now.

500 ft. 3½ Dr. Pipe

570 South Woods Avenue
Los Angeles, Calif ornia
October 11, 1949

Mr. Thomas W. Bailes
Los Lunas
New Mexico

Dear Mr. Bailes:

As duly appointed agent representing the landowners in Rio Grande Community Oil & Gas Lease and Dalies Community Oil & Gas Lease, I have been called upon repeatedly by the said landowners for detailed information regarding the progress on the well being drilled near Dalies Townsite, since my said appointment in 1947.

According to the terms as set forth in these leases, in which I am specifically designated as an agent to represent the landowners, it is specified that I am to receive a detailed log of each and every well drilled under the lease, showing the progress of the drilling and the amount of oil, gas or other products, and any other pertinent information that would be of interest or benefit to the respective landowners.

I have repeatedly applied to you for information to which under the lease I am entitled, but have not been furnished with same, for the entire year of 1949, to date.

The landowners who have contacted me and are calling me daily, are asking and demanding authentic information as to the situation in so far as the Dalies well is concerned. In viewed this, I am writing you this letter to ask that you immediately furnish me with a detailed history of your operations there, the present conditions and the probable date when you will complete the well and bring it into production if possible.

Very truly yours,

EDNA M. LYNN

(COPY)

Los Lunas, New Mexico
10/26/48

Mrs. Nina Lynn
570 Woods Ave
East Los Angeles

Dear Mrs. Lynn:-

As per your request for history of the Dalies well.
I imagine what you want is the log as every one knows the history. From the surface to 208 ft. was gip bed from 208ft. to around 1808 ft. was sandy shale which made quite a bit of mud in the drilling from 1808 ft. to around 1900ft. was a laval flow from 1900ft. to 2700ft. was sand with intervals of red beds at 2700 ft. the ditch revealed oil and gas what quantities we do not know. This continued to around 2900ft. From 2900 ft. to approximately 3100ft. was sandy light shale from approximately 3109 ft. to 3[illegible] was red bed from 3150 to approximately 3225ft. was another oil showing from 3225 ft. to approximately 4300 was sand with stringers of shale beds. From 4300 to 4400ft. was lime which showed very high saturations of oil and gas. This is where the 7 in. casing was landed and the hole bungled by the [illegible] cement job. From that point on down to around 5870ft. was loose runny sand with hard streaks at different intervals the walls of this hole had to be held up with aquajell. As this formation failed to produce sufficient mud. From 5870ft. to around 5900ft. blue shale making lots of mud. From 5900ft. was mostly all light brown sand which we believe to be carrying oil and gas. A string of 4½in. pipe was attempted to be set at this point so as to make a test. Which collapsed and broke into and was never able to land same.

We have decided to drill a new well across the tracts in the vicinity of the first well ever drilled as we think the sand was more prolific.

Hope this is the information you desire.

With kind regards to you, John and Bobby.

Sincerely

T. W. BALLES

TWB/HG

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

July 31, 1951

Prudential Square Catering Corporation
5765 Wilshire Boulevard
Los Angeles 36, California

Re: Property Vicinity of Dalies, County of Valencia.
N-½ of Lot Nineteen (19), Section Thirty-four (34),
Township 7-North, Range 1-East, N. M. P. M.

Attention: Howard L. Abel, Vice President

Dear Sir:

I have at hand your letter of July 25, 1951, wherein you inquire about the above captioned property.

The Rio Grande Community well or the Bailes Von Glahn, is being ordered plugged by the New Mexico Oil Conservation Commission, upon the grounds that this well is not tenable due to the amount of steel which is in the bottom of the well bore. Also, that ample time has been allowed for the operator to complete this well as a producer or as a non-producer. Bailes and all interested parties were notified and invited to a hearing in Santa Fe to state their case. They were not present nor did they have any representation. This may have been because they were obligated to serve some time in the county jail in your vicinity. But it is our opinion that they could have had some representation if they were interested in doing anything more with the well.

The San Clemente well or what is now known as the Sunol #1, has not been ordered plugged, but was shut down because they had not filed bond nor received permission to drill this well. It now seems that Sunol Oil Co. of San Jose, California, whom I understand is financially interested in this project, will now go ahead and drill the well. They have filed for permission to drill and met our requirements except for the plugging bond, which we are now awaiting before releasing them to continue operations.

I have no opinion as to how this will affect your interest in this area, but I will say that if this well is drilled properly it should either prove or disprove your acreage in as much as your acreage is only one mile east of the drilling well.

I trust that this will sufficiently answer your inquiry.

Very truly yours,

Elvis A. Utz
Gas Engineer

EAU:lhh
enc. 2

PRUDENTIAL SQUARE CATERING CORP.

INDUSTRIAL FEEDING
OWNER SUPERVISION

JAMES A. MANASK, PRES.
HOWARD I. ABEL, VICE-PRES.

PRUDENTIAL BLDG.
5765 WILSHIRE BLVD.
LOS ANGELES 36, CALIF.

PROFESSIONAL BLDG.
1052 WEST 6th STREET
LOS ANGELES 17, CALIF.

July 25, 1951

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Property Vicinity of Dalies, County of Valencia.
N-1/2 of Lot Nineteen(19), Section Thirty-four(34),
Township 7-North, Range 1-East, N.M.P.M.

Gentlemen:

Some time ago we purchased the above described property. In the Albuquerque Journal of May 24th, 1951, we read that your commission ordered the plugging of Rio Grande Community well, and San Clemente #1, which is in the vicinity of our property. Will you please advise what effect this has on said property for our interest therein?

Your cooperation will be appreciated.

Very truly yours,

PRUDENTIAL SQUARE CATERING CORP.

Howard I. Abel

Howard I. Abel
Vice-Pres.

HIA:mt/encl.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 19, 1951

Halliburton Oil Well Cementing Company
Duncan, Oklahoma

Attention R. F. Askins

Re: Rio Grande Community #1
Sketchley - SWSE Sec. 5-
6N-1E Valencia County

Ledgerwood-Kimes #1
SESE Sec. 11-12N-32E

C O P Y

Dear Sir:

This is in answer to your letter of June 20, 1951, wherein you request more definite information regarding the two above captioned wells.

I would assume that the charges for the work on the Rio Grande Community well would be charged to either Elizabeth Y. Sketchley or Thomas W. Bailes, Los Lunas, New Mexico or Los Angeles, California. I am not sure when the work was done on this well, but I believe it was the last half of the year 1948 or during the months of January, February, March and April of 1949. The lessee is Elizabeth Y. Sketchley. The nature of the work was cementing casing on the above mentioned well. We have no definite proof that you accomplished work on this well, except by hearsay and the following quotations of Mr. Thomas Bailes letter of May 27, 1949, wherein he says, and I quote, "When we came down here some time back to drill out the cement and test the well from around 4600' level, we found that the Halliburton Oil Well Cementing Company had left 500 sx of cement inside a 7" OD casing. This brought the cement 2500' up inside of the casing." From another portion of the letter I also quote, "When we drilled out the 2500' of cement that had been left by the Halliburton company we then bailed and swabbed the well for the test. While doing this the sand heat from the bottom of

the casing up inside the casing around 2000' showing good signs of life and with some oil coming out with each swab and lots of rainbows and gas bubbles".

As you might interpret from the above quotation it is a bit difficult for us to get the actual truth as to the situation regarding this well and that is why I am bothering you in an effort to learn exactly what has been done in the way of protecting the water producing horizons.

The second well, for which I requested information is the Ledgerwood-Kimes No. 1. I can only assume that Mr. O. L. Ledgerwood of Pauls Valley, Oklahoma was billed for this work. The owner of the lease in this case is, E. L. Kimes, Tucumcari, New Mexico, route 4. Again the work is cementing casing.

According to information that we can secure, Halliburton set 198' to 13" conductor pipe with 200 sx of cement on April 30, 1949, and again on May 16, 1949, Halliburton was supposed to have set 1660' of 9 5/8 O. D. with 525 sx of cement.

I hope that this will be sufficient information for you to identify the work done on these two wells, as it is important that we secure as much information pertaining to this work, as possible.

Thanking you for your cooperation in this matter, I am

Very truly yours,

ELVIS A. UTZ,
Gas Engineer

EAU/ir

CLINT M. ROBERTS
CREDIT MANAGER

Halliburton OIL WELL CEMENTING COMPANY
DUNCAN, OKLAHOMA

June 20, 1951
RFA-6-116

Oil Conservation Commission
Santa Fe, New Mexico

Att: Mr. Elvis A. Utz
Gas Engineer

Gentlemen:

This is in regard to the letter of June 8, 1951, which you directed to our Hobbs, New Mexico and Guymon, Oklahoma offices.

This letter was asking for a report as to the exact nature of certain work which you understood we did on Rio Grande Community No. 1 - SWSE Section 5, 6N, 1E, as well as the Ledgerwood - Kimes No. 1 SESE Sec. 11 - 12N - 32E.

We would be happy to furnish you with the information requested if we could identify the jobs referred to. The only way we could locate the detail of the work is to know the company or individual to whom the charges were made. If we had this information and the approximate dates the work was done this, together with the name of the lease and the number of the well which you furnished us in your letter would enable us to identify the particular charges in question.

If you can furnish us with this additional information we shall be glad to check the matter further.

Yours truly,

R. F. Askins
Credit Department

RFA:mb

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Mr. Joseph R. Milmoe
P. O. Box 151
14538 Friar Street
Van Nuys, California

June 8, 1951

Re: Bailes No. 1 Rio Grande Community - Sec. 5-6N-1E
San Clemente No. 1 Sec. 32-7S-1E

Dear Mr. Milmoe:

I am enclosing a copy of the last inspection report made on the above captioned wells.

As you will see from the report, none of our requirements in regard to drilling a well in our state were met and that we have consistently had trouble enforcing our Rules and Regulations on the Rio Grande Community No. 1 and the San Clemente No. 1.

A Mr. D. L. Wade, General Manager of Sunol Oil Company, Inc., 4785 First Street, San Jose, California, was in to see us on Thursday of last week. I gathered from my conversation with him that they were undecided as to the action they would take as to the San Clemente No. 1, but that if they should decide to operate they would be willing to cooperate with us.

He stated that he would be in to see us this week, at which time they would have made their decision.

Yours very truly,

ELVIS A. UTZ,
Gas Engineer

EAU/ir

COPY

JOSEPH R. MILMOE
P. O. BOX 151
14538 FRIAR STREET
VAN NUYS, CALIF.

June 2, 1951

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

This letter is in regard to the two wells started by Thomas W. Bailes as Lessee under the Rio Grande Community Oil and Gas Lease, a few miles west of Los Lunas, New Mexico. I am one of the landowners who has leased to Bailes and VonGlahn under the above lease, and I am also writing on behalf of the landowners' agent, Mrs. Edna Lynn of Los Angeles. We would like to know at once what the status of these wells is, from the standpoint of compliance with your regulations and orders. Is the Commission considering plugging both of these wells, and how soon? Has Sunol Oil Company of San Jose, California, made any arrangements with you regarding either of these wells? Any other information that you can give us regarding either the wells or Mr. Bailes failure to comply with your orders will be very helpful to us in protecting our own interests (all the landowners.). Thanks for any help you can give us.

Yours very truly,

J. R. Milmoe

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

June 8, 1951

COPY

Halliburton Oil Company
Hobbs, New Mexico

Halliburton Oil Company
Cymond, Oklahoma

Dear Sirs:

It is our understanding that you did some casing work on the Rio Grande Community No. 1 - SWSE Section 5, -6N,-1E, as well as the Ledgerwood - Kimes No. 1 SESE Sec. 11-12N-32E.

We would be pleased to receive from you a report as to the exact nature of the work accomplished on either or both of these wells.

Thanking you in advance for your cooperation in this matter.

Yours very truly,

ELVIS A. UTZ,
Gas Engineer

EAU/ir

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 31, 1951

Oil Well Cementing Company
Oklahoma

Re: Rio Grande Community #1
Shotbolley-SWSE Sec. 5,
6S-3E, Valencia County.

Ledgerwood-Ulmen #1
SWSE Sec. 11-12S-32E.

Attention: R. L. Jenkins, Credit Department

Dear Sir:

This will acknowledge receipt of your letter of July 26, 1951, together with pertinent information regarding the two above capped wells.

This information was of such value to us in as much that it cleared up controversial issues regarding both wells. I want to thank you sincerely for going to this trouble for us, your cooperation is sincerely appreciated.

Very truly yours,

Elvis A. Utz
Gas Engineer

EAU:bh

COPY

CORRECTION

The preceding 1 documents were incorrectly filmed. They are refilmed following this target. MOVING

12-83

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

July 31, 1951

Halliburton Oil Well Cementing Company
Duncan, Oklahoma

Re: Rio Grande Community #1
Sketchley-SWSE Sec. 5,
6N-1E, Valencia County.

Ledgerwood-Kimes #1
SESE Sec. 11-12N-32E.

Attention: R. F. Aking, Credit Department

Dear Sir:

This will acknowledge receipt of your letter of July 26, 1951, together with pertinent information regarding the two above captioned wells.

This information was of much value to us in as much that it cleared up controversial issues regarding both wells. I want to thank you sincerely for going to this trouble for us, your cooperation is sincerely appreciated.

Very truly yours,

Elvis A. Utz
Gas Engineer

EAU:lhh

COPY

R5

Halliburton OIL WELL CEMENTING COMPANY
DUNCAN, OKLAHOMA

CLINT M. ROBERTS
CREDIT MANAGER

July 26, 1951
LWF-7-310

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: Rio Grande Community #1
Sketchley-SWSE Sec. 5
6N-1E Valencia County

Ledgerwood-Kimes #1
SESE Sec. 11-12N-32E

Attention: Elvis A. Utz

650 sx.
3. ft.
1950
4538
1950
2588 ft

Gentlemen:

This replies to your letter of July 19 with further reference to information concerning the subject wells. In reviewing these matters based on the information given us in your letter, it is found that on November 5, 1948 we cemented 7" casing at a depth of 4,538 ft. with 650 sacks of cement in the Rio Grande Community #1. This was billed to Bailes-Von Glahn & Karo. This was reported on our field ticket 44993H which was signed by Mr. T. W. Bailes, personally. For your information we enclose copy of this ticket which you will observe makes no reference to any cement having been left in the pipe. Of course this could be possible if the float shoe for some reason failed to hold but insofar as our records are concerned there was no cement left in the pipe.

On the Kimes No. 1 Well it is found that Grappe and Denton were the contractors on this well for O. L. Ledgerwood and charges for the cementing of the 13-3/8" and 9-5/8" casing were made to the contractors. The 13-3/8" casing was cemented April 29, 1949 with 200 sacks of cement supported by ticket 14338H. The 9-5/8" casing was cemented May 10, 1949 with 525 sacks of cement supported by field ticket 14343H. There was also a plug back job done on this well on September 4, 1949 with 200 sacks of cement reported on our field ticket 94393H. We enclose copies of these three tickets also for your information. If we may be of further assistance, please advise.

Very truly yours,

R. F. Askins
Credit Department

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.
RECEIVED
JUL 30 1951

RFA:ns
Enclosures

HALLIBURTON OIL WELL CEMENTING CO. Inv. 684016

CEMENTING TICKET

Date 11-5-48 Place Dalies Jct. N. Mex. Order No. _____ Outfit No. _____

Well No. 1 Farm Rio Grande Comm. County Valencia Sec. _____ Twp. _____ Range _____

CHARGE TO Bailes-Vonglahn & Kaso Owner of Well Same

Mail Address Room 636-106-W 3rd St. Cotton Exchange Bldg.

City Los Angeles State Calif. Contractor Co. tools

Depth of well 4621 Depth of Job 4538 Casing { ~~New~~ / Used } Size 7 Size of Hole 10 5/8

Weight _____ Amount and Kind of Cement 650

Kind of Job Oil String Size { Drill Pipe / Tubing } ~~Rotary Tools / Cable~~ ~~Steam~~ Power { Truck No. _____ / Truck No. 23946

Special Tools None Plugs Yes / No If Plug Back, From _____ To Approx. _____

Floating Equipment Used Baker float shoe

Time Required Mixing and Pumping Cement 2 hr. 20 min. Pressure { Maximum 1300 / Circulating ~~[illegible]~~ 200 } Cement left in pipe by { Request / Necessity None Feet

Condition of Mud OK Condition of well at time of Cementing Circulating Chemical Used None

Price Reference No. 13

Price Job 260 00

Other Chgs. 113 52 (Explain)

Total Chg. 373 52

Truck called out 10:00 ~~AM~~ PM 11-3-48 On location 6:00 ~~AM~~ PM 11-3-48 Job Began 3:15 ~~AM~~ PM Job completed 5:35 ~~AM~~ PM

Material left on well _____

REMARKS: _____

The above job was done under the supervision of the owner, operator, or his agent whose signature appears here below:

Cementer Joy W. Jones

Helper G. R. Gardin

J. W. Bailes
Agent of Contractor or Operator

District Farmington State N. Mex.

The following information is urgently requested in order that we may be fully advised and to enable us to keep our standard of service up to the highest point:

Was operation of the Cementing Equipment satisfactory? _____ Was the work of the Cementing Crew performed in a satisfactory manner? _____ Was the Cementing job satisfactorily completed? _____

SUGGESTIONS: _____

HOWCO 193—Sanco 2159 25M 1-51

No. 44993H

J. W. Bailes
Agent of Contractor or Operator

Agents:
E. Y. SKETCHLEY
E. M. LYNN

RIO GRANDE COMMUNITY OIL & GAS LEASE

—— and ——

DALIES COMMUNITY OIL AND GAS LEASE

Los Lunas, New Mexico

7/30/50

Mining Bureau
Oil & Gas Division
Santa Fe, New Mexico

Gentlemen:-

Some two weeks back I wrote a letter to your department requesting some information, but have todate received no reply.

The information I was seeking was about the abandoning or plugging an oil well, in our case in Valencia County near the Junction of Dalies we have a well that is standing idle which has seven (7) inch casing set to around four (4) thousand ft. and have no intention of abadoning same at the present time, so therefore I would presume it is not necessary to plug the well. Would you please be kind enough to advise me as to this extent.

Yours very truly

T. W. Balles
2509 Michigan Ave.
Los Angeles (33) California

TWB/s

(COPY) Postmarked Albuquerque, N. M., Oct. 15, 1949.

To The Landowners Of The Dalies
and Rio Grande Community Oil
and Gas Leases

Dear Friends:

The writer has just returned from Texas after making a survey for a string of 4½ inch O.D. seamless casing to be used in the completion of the Dalies project, after re-drilling from around 4500 ft. back to the 6,000 ft. level mark. We did drill this well to 6099 ft. but while running the casing it broke and collapsed at the baffle plate. Now we believe this was caused from the pipe instead of the baffle plate.

In Texas we were unable to locate the 4½ inch casing which we desired, but did find a string of 7 inch consisting of approximately 6100 ft.

We have now decided to let a contractor drill a new well across the tracks, lying in the same range of area where the well originally at Dalies was drilled. It may take us some thirty (30) to sixty (60) days to properly finance the drilling so as to assure the contractor his money will be ready for him when he has properly landed and cemented the 7 inch casing at a point to be designated by us. However, the contractor will drill not to exceed 6200 ft.

The Dalies Oil Company has sold approximately $25,000 worth of stock. This stock should look as good as it ever did on the strength of a new hole. The Dalies Oil Co. still owes approximately $550.00 including what Mrs. Skotchley has loaned them. She says she will waive $1500 of this so that will leave us $4000 or thereabout in debt.

Now, I want everyone to send in just a little bit more money for stock so we can clear these debts up and we can work and rest much better.

You can be assured that we are not giving up the project and any rumors to the contrary are false statements and are of no consequence. Please stand by us and we will surely stand by you.

We will write you another letter very shortly giving you full details, so let me hear from each and everyone of you with a small or large check which you may desire another bit of the Dalies stock to settle the old account.

Our program for drilling a new well is through the sale of some leases. Don't anyone get frightened and think that the sale of these leases will jeopardize the validity of the Rio Grande or Dalies Community lease. It will only strengthen and add more power. In the event we get a well it would cause more wells to be drilled faster and your royalty will always be 1/8th, regardless of who drills the wells. We do not expect to transfer too many leases, but only enough to do the job. Remember you will participate in all wells drilled under the lease according to the amount of land you own. We will be the only ones taking the loss in this set-up.

Yours sincerely,

T. W. BAILES

7/9/50

The Mining Bureau of The State of New Mexico
The Oil Well Department
Santa Fe New Mexico

Attention: Mr. Barnes

Dear Mr. Barnes:-

It is my understanding that a new ruling has been pasted by your department that a well should be plugged within six (6) months after it has been officially abandoned.

The well which we were drilling in Valencia County near the Junction of Dalies of which you are familiar with has been standing idle with a Watchman for the last ten (10) or eleven (11) months. However, we do not have any intention of abandoning at present, so I presume it is not necessary for us to plug same as long as we do not intend to abandon same and expect to go back into it at a later date.

Thanking you very much for an early reply, I am

Yours very truly

T. W. Bailes
2509 Michigan Ave.
Los Angeles (33) California

TWB/s

570 S. Woods Avenue
Los Angeles 22, California
July 3, 1950

Mr. Elvis A. Utz
Oil Conservation Commission
State of New Mexico
Santa Fe New Mexico

Dear Mr. Utz:

I am writing you this letter to again thank you for your courtesy in granting us an interview recently with respect to Valencia County Oil properties, and I am submitting herewith certain data as requested, which I trust will be of assistance to you:

You will note particularly my letter as Co-Agent with E. Y. Sketchley, who is also Co-Owner of the well. During the drilling of this well, I only signed one extension of time, and I am positively unwilling to grant any further extension for drilling.

If necessary for your records, I will furnish photostatic or certified copies of original letters from which these copies were made following receipt by me.

The lease marked "Special Block 115" is the type used for each special block in the townsite - 24 lots.

The other copies are self-explanatory and pertain to the San Antonio Oil Company and Dalies Oil Company stock.

If I can be of any further assistance, please feel free to call upon me.

Very truly yours,

Mrs Edna M Lynn
MRS. EDNA M. LYNN

The Community Oil and Gas Lease which you signed some time back dated the 1st day of June, 1946, and known and designated as the Rio Grande Oil and Gas Lease, provides for an agent who is to act on behalf of the landowners signing said Oil and Gas Lease.

The purpose and the duties of the agent or agents is to keep in touch with all activities in the drilling or producing of any Oil Wells or any other developments under and by virtue of the Rio Grande Oil and Gas Lease.

The agent is to make a detail report of all production or drilling activities, depth of Wells, amount of production from the entire lease or individual Wells, or any other information in connection with the Rio Grande Community Oil and Gas Lease which the landowners are entitled to. This shall be mailed to the landowners between the 1st and 5th day of each month, for the preceding calendar month.

The charges will be One Dollar and Fifty Cents ($1.50) per month for each landowner. This will be to pay postage, stationery, stenographic work, printing and paying salaries, for checking the above information, together with office and telephone expenses.

The agents are E. Y. SKETCHLEY and E. M. LYNN, both landowners.

You will make your check or money order payable to E.Y.Sketchley, and be sure to mail the same on or before the 15th of each month, starting with October, 1947. The October check or money order should be sent to Room 534, 106 West 3rd Street, Los Angeles 13, California, and after that all checks or communications should be directed to E. Y. Sketchley, Los Lunas, New Mexico.

Thanking you for your prompt attention in this matter,

Yours sincerely

T. W. BAILES

(COPY)

SAN ANTONIO OIL CO.
Los Lunas, NewMexico

T.W.BAILES
President
E.Y.SKETCHLEY
Vice-President
ALIUIA ROMERO (Secy.of St)
Secretary-Treasurer

December 6, 1960

Enclosed you will find information concerning the newly organized San Antonio Oil Company, its officers and future plans.

We sincerely believe that an investment in the Company will make good profits and we are inviting you to participate in it by becoming one of the Stockholders.

Yours very truly,

(Signed) T. W. BAILES

P. S. The Dalies Oil Company has no connections in any way, shape, form or fashion. The stock in the Dalies Company stands just the same as it always did.

I have had several inquiries asking if the Stockholders in the Dalies Oil Company will participate in the new San Antonio Oil Company. No. The only ones to participate in the San Antonio Oil Company will be those who buy stock in the San Antonio Oil Company. The Dalies Company ownsthe lease of 160 acres in Section 18, Township 6 North, Range 1 East, which lease is in good standing. The bringing in of a well in any suffounding part near this lease will make the Dalies stock valuable. The present well has not been abandoned, it is a good hole to approximately 4,300 feet with 7 inch casing set in good shape to that point.

T.W.B.

Bailes well file.

BUREAU OF MINES & MINERAL RESOURCES · NEW MEXICO SCHOOL OF MINES · SOCORRO, NEW MEXICO

August 31, 1950

Mr. E. A. Utz
Gas Engineer
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Utz:

We are in receipt of your letter of August 28 regarding the samples of the Bailes-Von glahn well, Lot 52, section 5, T. 6 N., R. 1 E., Valencia County.

We have not, as yet, received the samples on the Bailes-Von glahn well.

If we can be of further service to you in this matter, please call on us.

Very truly yours,

Robert A. Bieberman

Robert A. Bieberman
Petroleum Geologist

RAB/mb

GRANDE COMMUNITY

Oil and Gas Lease

THIS LEASE COVERS ONLY 40 ACRES IN SECTION 5,

TOWNSHIP 6 NORTH, RANGE 1 EAST

THIS COMMUNITY OIL AND GAS LEASE dated the 31st day of Dec. 1948, entered into by and between the several owners whose names are subscribed hereto, or to a counter-part hereof, parties of the first part and hereinafter individually and/or collectively termed "Lessors," THOMAS W. BAILES, Parties of the second part, hereinafter termed Lessee, and referred to in the neuter gender whether singular or plural and whether an individual, corporate or other legal entity.

WITNESSETH:

All of the lands subject to this lease are located in the County of Valencia, State of New Mexico in and near the townsite of Dalies.

The Lessors, for and in consideration of One Dollar ($1.00) cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, have granted, demised, leased and let, and by these presents do grant, demise, lease and let, unto Lessee the hereinafter, described lands, owned and/or being purchased on contract by Lessors, within said Community Area (hereinafter called "said lands"), for the sole purpose of drilling said lands for oil, gas, or other hydrocarbon substances, laying pipe lines, and building any and all structures thereon that may be necessary for the Lessee's operations hereunder with the right of egress and ingress, or any other structures that may be necessary including refineries.

To have and to hold unto the Lessee for as many years from date hereof, as the Lessee shall deem said lands covered by this lease to produce oil, gas or any other hydro-carbon substance in commercial and paying quantities.

This lease may be in the form of a single instrument or consist of one or more counterparts, in which latter event the original or all counterparts shall have equal effect, and be construed together and shall constitute one community lease to be known as the GRANDE COMMUNITY OIL AND GAS LEASE. Each Lessor agrees with each of the other Lessors signing as Lessors and with the Lessee as follows:

Lessors hereby appoint the.....

whose address is:.....
as their agent to give and receive all notices required hereunder, extend time for drilling, and to act on their behalf in all respects, and any agreement made, signed or entered into with said agent shall be and is binding upon all Lessors executing this lease;—without the power in said agent to change the amount of royalty payable hereunder or to encumber the property hereby leased. Lessors owning two-thirds (⅔) of the lands hereby leased, can, by an instrument in writing, name a new agent, at any time.

In consideration for lands leased, Lessee agrees to pay to Lessors one-eighth (⅛) of all monies received from the sale of all gas, oil, gasoline or any other hydro-carbon substance produced, saved and/or sold from the premises, but will not be required to pay Lessors for any gas or oil used in Lessee's operations on said premises, or his operation in connection with maintaining said well or refineries, after said wells have been placed on production.

Lessee shall have the right to use, free of cost, any water produced on said land for operations thereon, except for water from wells of the Lessors. Lessee shall keep a careful and accurate log, core record and history of all drillings and producing records which shall be opened to the inspection of the Lessors' agent on the beginning of the first of each year, and shall abide by all of the laws of the State or Government pertaining to the operations of this oil and gas lease; and if water suitable for irrigation, is encountered in any well, Lessors may reserve the same by giving Lessee notice and paying Lessee for the pipe and casing to preserve said well as a water well, in the event that Lessee decides to abandon said well.

If no well shall be commenced to be drilled on the herein described property on or before ninety (90) days after a well is placed on production within one mile from the boundary line of the property, then this lease shall cease and terminate, as to all parties hereto.

The Lessee agrees to deposit in any bank in the United States, to be selected by the Lessors' agent the royalties to be paid under this lease to be distributed to the Lessors, as the amount of their acreage and pro rata share bears to the whole amount of acreage under this lease. The payments of royalties namely one-eighth (⅛) shall be paid to whatever bank selected by Lessors' agent on the 20th day of each month for the preceding calendar month.

Taxes shall be borne and paid seven-eighths (⅞) by Lessee and one-eighth (⅛) by Lessors on all mineral taxation and any and all production stored on said property; and all taxes shall be paid by Lessee for any personal properties on said lease.

The number of wells to be drilled under this lease shall be one well to ten acres (10 A), but Lessee reserves the right to drill as many more wells as he may elect so to do. The Lessee agrees to keep one string of tools in continuous operation, allowing not more than ninety (90) days between the completion and commencement of a new well.

Any money or royalties to be paid to the several land owners sometimes in this lease designated as Lessors, namely, one-eighth (⅛), shall be divided and paid to said Lessors in the amount as their lands bears to the total lands leased under this lease. The proportions of royalty payable to the Lessors, respectively, shall not be changed or subject to change by reason of the location of any particular well upon said leased land or by reason of the failure of Lessee to develop any particular lot or part of the leased land. In connection with royalty provided for the Lessors in this lease, the land covered by this lease shall be considered as a whole and each Lessor shall be entitled to his proportionate part of said royalty regardless of the particular part or parcel of the leased land which shall be actually developed. Surrender or quitclaim of any portion or portions of the land leased hereunder shall not operate to deprive the Lessors of the land so surrendered or quitclaimed of their right to continue to participate in the royalty derived from the production of any well or wells under this lease. In event that any particular part of the land hereby leased shall be so quitclaimed or surrendered and thereafter developed for oil purposes by any other party, each and all of the Lessors shall be entitled as against the other Lessors to their respective proportion of royalty or other compensation received therefor or therefrom in the proportions aforesaid, it being the intention and agreement of the Lessors to unite fully for the period of the life of this lease their respective reversionary interests in the oil, gas and other hydrocarbon deposits in all said land, if any exists, so that while this lease remains in effect such operations may be continued on the said entire tract to the same advantage and with the same effect as between said Lessors as though said land subject thereto were all under one ownership.

The Lessee may be excused from drilling or operating said wells when the price of oil is below a cost where

it is not profitable to Lessee to operate and drill additional wells, or any other causes beyond the Lessee's control, such as strikes, acts of God or the elements or the failure to obtain the necessary equipment on the open markets, or interference by State or Government.

UPON EXPIRATION or sooner termination of this lease, Lessee will execute good and sufficient quitclaim deed for land hereby leased and then retained by Lessee. Such quitclaim deed shall run in favor of Lessors as their respective interests appear of record or to the successors in interest, grantees, heirs, or assigns of said respective Lessors, and is hereby agreed by and between all the Lessors hereto that when such quitclaim deed has been recorded it shall constitute a complete surrender, termination and cancellation of this lease not only of the leasehold estate created thereby and then retained by Lessee, but as between the respective Lessors; and as and when such quitclaim deed is recorded each of the Lessors thereby reciprocally quitclaim, remise and relinquish in favor of each of the other of said Lessors all of their respective right, title and interest in and to the parcels of real property of each other, and no further instrument shall be required among said Lessors to terminate said lease as far as the interest of Lessors is concerned. Any such quitclaim shall include all lands included herein not assigned to other parties by Lessee, even though Lessee may have previously quitclaimed a portion of said lands.

It is specifically understood and agreed that the Lessee may at any time quitclaim any part of the said land under this lease and shall be relieved of the drilling under and by virtue of this lease in the amount of wells to be drilled, as to the land so quitclaimed.

However, it is agreed by all parties including the Lessees and Lessors signing this lease that the Lessee reserves the right to operate, maintain any refineries or any other structures in connection with the Lessee's operation, or the free use of egress and ingress over or upon said property so quitclaimed, and further:

LESSEE SHALL at all times upon demand, protect, indemnify, defend and reimburse Lessors against and for any and all claims, demands or liabilities and reasonable costs and expenses incident to any personal injury or property damage to other parties resulting from Lessee's operations hereunder.

The Lessor further reserves the right with free egress and ingress for agriculture or stock raising.

The owner of any parcel of land within the said boundaries of the community area who has not of this date of this lease executed this lease as a Lessor, may if Lessee consents, become a Lessor under this lease by executing a counterpart of this instrument, and shall becoming a Lessor participate the same as all other Lessors, according to the amount of acreage so leased.

The Lessee agrees to drill under the terms of this lease a well to the depth of seven thousand (7000) feet if oil or gas is not discovered in paying quantities at a lesser depth; but the Lessee reserves the right to drill as deep as he may see fit.

TERMINATION — SURRENDER — FORFEITURE — Nothing herein shall be understood as implying or conferring the right of Lessors, or their Agent, to declare the expiration, termination or forfeiture of this lease as a result of any alleged failure of Lessee to comply with any of its terms or conditions (except the requirements to commence drilling within the time and in the manner stated herein, subject to such extentions as may be granted) until sixty (60) days after written notice from Lessors' Agent, detailing Lessors' claim of default, demanding the performance thereof and failure of Lessee to comply therewith within the said time.

The Lessee has the right under this lease to pay off any claim that may be or may arise against any of the Lessors whose lands are embodied in this lease and reimburse itself for such monies expended on behalf of such Lessors from such Lessors' interest.

The assignment of this lease is expressly allowed whether in whole or in part, and shall inure to the benefit and be binding upon the heirs and successors of the parties hereto.

In witness whereof the parties hereto have executed this lease and affixed their names and seals as of the date first above written.

NAME	DESCRIPTION

NAME	DESCRIPTION

PARTIES OF THE SECOND PART:

THOMAS W. BAILES

By...

....

DALIES

COMMUNITY

Oil and Gas Lease

THIS COMMUNITY OIL AND GAS LEASE dated the 1st day of January, 1947, entered into by and between the several owners whose names are subscribed hereto, or to a counter-part hereof, parties of the first part and hereinafter individually and/or collectively termed "Lessors," and ELMER C. VON GLAHN and THOMAS W. BAILES, Parties of the second part, hereinafter termed Lessee, and referred to in the neuter gender whether singular or plural and whether an individual, corporate or other legal entity.

W I T N E S S E T H :

All of the lands subject to this lease are located in the County of Valencia, State of New Mexico in and near the townsite of Dalies.

The Lessors, for and in consideration of One Dollar ($1.00) cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, have granted, demised, leased and let, and by these presents do grant, demise, lease and let, unto Lessee the hereinafter, described lands, owned and/or being purchased on contract by Lessors, within said Community Area (hereinafter called "said lands"), for the sole purpose of drilling said lands for oil, gas, or other hydrocarbon substances, laying pipe lines, and building any and all structures thereon that may be necessary for the Lessee's operations hereunder with the right of egress and ingress, or any other structures that may be necessary including refineries.

To have and to hold unto the Lessee for as many years from date hereof, as the Lessee shall deem said lands covered by this lease to produce oil, gas or any other hydro-carbon substance in commercial and paying quantities.

This lease may be in the form of a single instrument or consist of one or more counterparts, in which latter event the original or all counterparts shall have equal effect, and be construed together and shall constitute one community lease to be known as the DALIES COMMUNITY OIL AND GAS LEASE. Each Lessor agrees with each of the other Lessors signing as Lessors and with the Lessee as follows:

Lessors hereby appoint the.....

whose address is:.....

as their agent to give and receive all notices required hereunder, extend time for drilling, and to act on their behalf in all respects, and any agreement made, signed or entered into with said agent shall be and is binding upon all Lessors executing this lease;—without the power in said agent to change the amount of royalty payable hereunder or to encumber the property hereby leased. Lessors owning two-thirds (2/3) of the lands hereby leased, can, by an instrument in writing, name a new agent, at any time.

In consideration for lands leased, Lessee agrees to pay to Lessors one-eighth (1/8) of all monies received from the sale of all gas, oil, gasoline or any other hydro-carbon substance produced, saved and/or sold from the premises, but will not be required to pay Lessors for any gas or oil used in Lessee's operations on said premises, or his operation in connection with maintaining said wells or refineries, after said wells have been placed on production.

Lessee shall have the right to use, free of cost, any water produced on said land for operations thereon, except for water from wells of the Lessors. Lessee shall keep a careful and accurate log, core record and history of all drillings and producing records which shall be opened to the inspection of the Lessors' agent on the beginning of the first of each year, and shall abide by all of the laws of the State or Government pertaining to the operations of this oil and gas lease; and if water suitable for irrigation, is encountered in any well, Lessors may reserve the same by giving Lessee notice and paying Lessee for the pipe and casing to preserve said well as a water well, in the event that Lessee decides to abandon said well.

If no well shall be commenced to be drilled on the herein described property on or before eighteen (18) months from date hereof, then this lease shall cease and terminate, as to all parties hereto.

The Lessee agrees to deposit in any bank in the United States, to be selected by the Lessors' agent the royalties to be paid under this lease to be distributed to the Lessors, as the amount of their acreage and pro rata share bears to the whole amount of acreage under this lease. The payments of royalties namely one-eighth (1/8) shall be paid to whatever bank selected by Lessors' agent on the 20th day of each month for the preceding calendar month.

Taxes shall be borne and paid seven-eighths (7/8) by Lessee and one-eighth (1/8) by Lessors on all mineral taxations and any and all production stored on said property; and all taxes shall be paid by Lessee for any personal properties on said lease.

The number of wells to be drilled under this lease shall be one well to four (4) acres or as close there to as may be permitted by the Laws of the State of New Mexico or U.S.A., but Lessee reserves the right to drill as many more wells as he may elect so to do. The Lessee agrees to keep one string of tools in continuous operation, allowing not more than six (6) months between the completion and commencement of a new well.

Any money or royalties to be paid to the several land owners sometimes in this lease designated as Lessors, namely, one-eighth (1/8), shall be divided and paid to said Lessors in the amount as their lands bears to the total lands leased under this lease. The proportions of royalty payable to the Lessors, respectively, shall not be changed or subject to change by reason of the location of any particular well upon said leased land or by reason of the failure of Lessee to develop any particular lot or part of the leased land. In connection with royalty provided for the Lessors in this lease, the land covered by this lease shall be considered as a whole and each Lessor shall be entitled to his proportionate part of said royalty regardless of the particular part or parcel of the leased land which shall be actually developed. Surrender or quitclaim of any portion or portions of the land leased hereunder shall not operate to deprive the Lesors of the land so surrendered or quitclaimed of their right to continue to participate in the royalty derived from the production of any well or wells under this lease. In event that any particular part of the land hereby leased shall be so quitclaimed or surrendered and thereafter developed for oil purposes by any other party, each and all of the Lessors shall be entitled as against the other Lessors to their respective proportion of royalty or other compensation received therefor or therefrom in the proportions aforesaid, it being the intention and agreement of the Lessors to unite fully for the period of the life of this lease their respective reversionary interests in the oil, gas and other hydrocarbon deposits in all said land, if any exists, so that while this lease remains in effect such operations may be continued on the said entire tract to the same advantage and with the same effect as between said Lessors as though said land subject thereto were all under one ownership.

The Lessee may be excused from drilling or operating said wells when the price of oil is below a cost where

it is not profitable to Lessee to operate and drill additional wells, or any other causes beyond the Lessee's control, such as strikes, acts of God or the elements or the failure to obtain the necessary equipment on the open markets, or interference by State or Government.

UPON EXPIRATION or sooner termination of this lease, Lessee will execute good and sufficient quitclaim deed for land hereby leased and then retained by Lessee. Such quitclaim deed shall run in favor of Lessors as their respective interests appear of record or to the successors in interest, grantees, heirs, or assigns of said respective Lessors, and is hereby agreed by and between all the Lessors hereto that when such quitclaim deed has been recorded it shall constitute a complete surrender, termination and cancellation of this lease not only of the leasehold estate created thereby and then retained by Lessee, but as between the respective Lessors; and as and when such quitclaim deed is recorded each of the Lessors thereby reciprocally quitclaim, remise and relinquish in favor of each of the other of said Lessors all of their respective right, title and interest in and to the parcels of real property of each other, and no further instrument shall be required among said Lessors to terminate said lease as far as the interest of Lessors is concerned. Any such quitclaim shall include all lands included herein not assigned to other parties by Lessee, even though Lessee may have previously quitclaimed a portion of said lands.

It is specifically understood and agreed that the Lessee may at any time quitclaim any part of the said land under this lease and shall be relieved of the drilling under and by virtue of this lease in the amount of wells to be drilled, as to the land so quitclaimed.

However, it is agreed by all parties including the Lessees and Lessors signing this lease that the Lessee reserves the right to operate, maintain any refineries or any other structures in connection with the Lessee's operation, or the free use of egress and ingress over or upon said property so quitclaimed, and further:

LESSEE SHALL at all times upon demand, protect, indemnify, defend and reimburse Lessors against and for any and all claims, demands or liabilities and reasonable costs and expenses incident to any personal injury or property damage to other parties resulting from Lessee's operations hereunder.

The Lessor further reserves the right with free egress and ingress for agriculture or stock raising.

The owner of any parcel of land within the said boundaries of the community area who has not of this date of this lease executed this lease as a Lessor, may if Lessee consents, become a Lessor under this lease by executing a counterpart of this instrument, and shall becoming a Lessor participate the same as all other Lessors, according to the amount of acreage so leased.

The Lessee agrees to drill under the terms of this lease a well to the depth of seven thousand (7000) feet if oil or gas is not discovered in paying quantities at a lesser depth; but the Lessee reserves the right to drill as deep as he may see fit.

TERMINATION — SURRENDER — FORFEITURE — Nothing herein shall be understood as implying or conferring the right of Lessors, or their Agent, to declare the expiration, termination or forfeiture of this lease as a result of any alleged failure of Lessee to comply with any of its terms or conditions (except the requirements to commence drilling within the time and in the manner stated herein, subject to such extentions as may be granted) until sixty (60) days after written notice from Lessors' Agent, detailing Lessors' claim of default, demanding the performance thereof and failure of Lessee to comply therewith within the said time.

The Lessee has the right under this lease to pay off any claims that may be or may arise against any of the Lessors whose lands are embodied in this lease and reimburse itself for such monies expended on behalf of such Lessors from such Lessors' interest.

The assignment of this lease is expressly allowed whether in whole or in part, and shall inure to the benefit and be binding upon the heirs and successors of the parties hereto.

In witness whereof the parties hereto have executed this lease and affixed their names and seals as of the date first above written.

NAME	DESCRIPTION

NAME	DESCRIPTION

PARTIES OF THE SECOND PART:

SPECIAL BLOCK 115

DALIES COMMUNITY

Oil and Gas Lease

THIS COMMUNITY OIL AND GAS LEASE dated the 1st day of January, 1947, entered into by and between the several owners whose names are subscribed hereto, or to a counter-part hereof, parties of the first part and hereinafter individually and/or collectively termed "Lessors," and ELMER C. VON GLAHN and THOMAS W. BAILES, Parties of the second part, hereinafter termed Lessee, and referred to in the neuter gender whether singular or plural and whether an individual, corporate or other legal entity.

W I T N E S S E T H :

All of the lands subject to this lease are located in the County of Valencia, State of New Mexico in and near the townsite of Dalies.

The Lessors, for and in consideration of One Dollar ($1.00) cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, have granted, demised, leased and let, and by these presents do grant, demise, lease and let, unto Lessee the hereinafter, described lands, owned and/or being purchased on contract by Lessors, within said Community Area (hereinafter called "said lands"), for the sole purpose of drilling said lands for oil, gas, or other hydrocarbon substances, laying pipe lines, and building any and all structures thereon that may be necessary for the Lessee's operations hereunder with the right of egress and ingress, or any other structures that may be necessary including refineries.

To have and to hold unto the Lessee for as many years from date hereof, as the Lessee shall deem said lands covered by this lease to produce oil, gas or any other hydro-carbon substance in commercial and paying quantities.

This lease may be in the form of a single instrument or consist of one or more counterparts, in which latter event the original or all counterparts shall have equal effect, and be construed together and shall constitute one community lease to be known as the DALIES COMMUNITY OIL AND GAS LEASE. Each Lessor agrees with each of the other Lessors signing as Lessors and with the Lessee as follows:

Lessors hereby appoint the.....

whose address is:.....
as their agent to give and receive all notices required hereunder, extend time for drilling, and to act on their behalf in all respects, and any agreement made, signed or entered into with said agent shall be and is binding upon all Lessors executing this lease;—without the power in said agent to change the amount of royalty payable hereunder or to encumber the property hereby leased. Lessors owning two-thirds (⅔) of the lands hereby leased, can, by an instrument in writing, name a new agent, at any time.

In consideration for lands leased, Lessee agrees to pay to Lessors one-eighth (⅛) of all monies received from the sale of all gas, oil, gasoline or any other hydro-carbon substance produced, saved and/or sold from the premises, but will not be required to pay Lessors for any gas or oil used in Lessee's operations on said premises, or his operation in connection with maintaining said well or refineries, after said wells have been placed on production.

Lessee shall have the right to use, free of cost, any water produced on said land for operations thereon, except for water from wells of the Lessors. Lessee shall keep a careful and accurate log, core record and history of all drillings and producing records which shall be opened to the inspection of the Lessors' agent on the beginning of the first of each year, and shall abide by all of the laws of the State or Government pertaining to the operations of this oil and gas lease; and if water suitable for irrigation, is encountered in any well, Lessors may reserve the same by giving Lessee notice and paying Lessee for the pipe and casing to preserve said well as a water well, in the event that Lessee decides to abandon said well.

If no well shall be commenced to be drilled on the herein described property on or before eighteen (18) months from date hereof, then this lease shall cease and terminate, as to all parties hereto.

The Lessee agrees to deposit in any bank in the United States, to be selected by the Lessors' agent the royalties to be paid under this lease to be distributed to the Lessors, as the amount of their acreage and pro rata share bears to the whole amount of acreage under this lease. The payments of royalties namely one-eighth (⅛) shall be paid to whatever bank selected by Lessors' agent on the 20th day of each month for the preceding calendar month.

Taxes shall be borne and paid seven-eighths (⅞) by Lessee and one-eighth (⅛) by Lessors on all mineral taxation and any and all production stored on said property; and all taxes shall be paid by Lessee for any personal properties on said lease.

The number of wells to be drilled under this lease shall be one well to four (4) acres or as close there to as may be permitted by the Laws of the State of New Mexico or U.S.A., but Lessee reserves the right to drill as many more wells as he may elect so to do. The Lessee agrees to keep one string of tools in continuous operation, allowing not more than six (6) months between the completion and commencement of a new well.

Any money or royalties to be paid to the several land owners sometimes in this lease designated as Lessors, namely, one-eighth (⅛), shall be divided and paid to said Lessors in the amount as their lands bears to the total lands leased under this lease. The proportions of royalty payable to the Lessors, respectively, shall not be changed or subject to change by reason of the location of any particular well upon said leased land or by reason of the failure of Lessee to develop any particular lot or part of the leased land. In connection with royalty provided for the Lessors in this lease, the land covered by this lease shall be considered as a whole and each Lessor shall be entitled to his proportionate part of said royalty regardless of the particular part or parcel of the leased land which shall be actually developed. Surrender or quitclaim of any portion or portions of the land leased hereunder shall not operate to deprive the Lessors of the land so surrendered or quitclaimed of their right to continue to participate in the royalty derived from the production of any well or wells under this lease. In event that any particular part of the land hereby leased shall be so quitclaimed or surrendered and thereafter developed for oil purposes by any other party, each and all of the Lessors shall be entitled as against the other Lessors to their respective proportion of royalty or other compensation received therefor or therefrom in the proportions aforesaid, it being the intention and agreement of the Lessors to unite fully for the period of the life of this lease their respective reversionary interests in the oil, gas and other hydrocarbon deposits in all said land, if any exists, so that while this lease remains in effect such operations may be continued on the said entire tract to the same advantage and with the same effect as between said Lessors as though said land subject thereto were all under one ownership.

The Lessee may be excused from drilling or operating said wells when the price of oil is below a cost where

it is not profitable to Lessee to operate and drill additional wells, or any other causes beyond the Lessee's control, such as strikes, acts of God or the elements or the failure to obtain the necessary equipment on the open markets, or interference by State or Government.

UPON EXPIRATION or sooner termination of this lease, Lessee will execute good and sufficient quitclaim deed for land hereby leased and then retained by Lessee. Such quitclaim deed shall run in favor of Lessors as their respective interests appear of record or to the successors in interest, grantees, heirs, or assigns of said respective Lessors, and is hereby agreed by and between all the Lessors hereto that when such quitclaim deed has been recorded it shall constitute a complete surrender, termination and cancellation of this lease not only of the leasehold estate created thereby and then retained by Lessee, but as between the respective Lessors; and as and when such quitclaim deed is recorded each of the Lessors thereby reciprocally quitclaim, remise and relinquish in favor of each of the other of said Lessors all of their respective right, title and interest in and to the parcels of real property of each other, and no further instrument shall be required among said Lessors to terminate said lease as far as the interest of Lessors is concerned. Any such quitclaim shall include all lands included herein not assigned to other parties by Lessee, even though Lessee may have previously quitclaimed a portion of said lands.

It is specifically understood and agreed that the Lessee may at any time quitclaim any part of the said land under this lease and shall be relieved of the drilling under and by virtue of this lease in the amount of wells to be drilled, as to the land so quitclaimed.

However, it is agreed by all parties including the Lessees and Lessors signing this lease that the Lessee reserves the right to operate, maintain any refineries or any other structures in connection with the Lessee's operation, or the free use of egress and ingress over or upon said property so quitclaimed, and further:

LESSEE SHALL at all times upon demand, protect, indemnify, defend and reimburse Lessors against and for any and all claims, demands or liabilities and reasonable costs and expenses incident to any personal injury or property damage to other parties resulting from Lessee's operations hereunder.

The Lessor further reserves the right with free egress and ingress for agriculture or stock raising.

The owner of any parcel of land within the said boundaries of the community area who has not of this date of this lease executed this lease as a Lessor, may if Lessee consents, become a Lessor under this lease by executing a counterpart of this instrument, and shall becoming a Lessor participate the same as all other Lessors, according to the amount of acreage so leased.

The Lessee agrees to drill under the terms of this lease a well to the depth of seven thousand (7000) feet if oil or gas is not discovered in paying quantities at a lesser depth; but the Lessee reserves the right to drill as deep as he may see fit.

TERMINATION — SURRENDER — FORFEITURE — Nothing herein shall be understood as implying or conferring the right of Lessors, or their Agent, to declare the expiration, termination or forfeiture of this lease as a result of any alleged failure of Lessee to comply with any of its terms or conditions (except the requirements to commence drilling within the time and in the manner stated herein, subject to such extentions as may be granted) until sixty (60) days after written notice from Lessors' Agent, detailing Lessors' claim of default, demanding the performance thereof and failure of Lessee to comply therewith within the said time.

The Lessee has the right under this lease to pay off any claim that may be or may arise against any of the Lessors whose lands are embodied in this lease and reimburse itself for such monies expended on behalf of such Lessors from such Lessors' interest.

The assignment of this lease is expressly allowed whether in whole or in part, and shall inure to the benefit and be binding upon the heirs and successors of the parties hereto.

In witness whereof the parties hereto have executed this lease and affixed their names and seals as of the date first above written.

NAME	DESCRIPTION
.....	.....
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.....	.....

NAME	DESCRIPTION

PARTIES OF THE SECOND PART:

ELMER C. VON GLAHN & THOMAS W. BAILES

By

Form C-103

OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS REPORTS ON WELLS

Submit this report in triplicate to the Oil Conservation Commission or its proper agent within ten days after the work specified is completed. It should be signed and sworn to before a notary public for reports on beginning drilling operations, results of shooting well, results of test of casing shut off, result of plugging of well, and other important operations, even though the work was witnessed by an agent of the Commission. Reports on minor operations need not be signed and sworn to before a notary public. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of report by checking below.

REPORT ON BEGINNING DRILLING OPERATIONS		REPORT ON REPAIRING WELL	
REPORT ON RESULT OF SHOOTING OR CHEMICAL TREATMENT OF WELL		REPORT ON PULLING OR OTHERWISE ALTERING CASING	
REPORT ON RESULT OF TEST OF CASING SHUT-OFF		REPORT ON DEEPENING WELL	
REPORT ON RESULT OF PLUGGING OF WELL			

February 28, 1949 — Date

Santa Fe, N. M. — Place

OIL CONSERVATION COMMISSION,
SANTA FE, NEW MEXICO
Gentlemen:

Following is a report on the work done and the results obtained under the heading noted above at the _____

Rio Grande Community (Company or Operator) Sketchley (Lease) Well No. 1 in the SWSE of Sec. 5, T. 6 N, R. 1 E, N. M. P. M., WC Field, Valencia County.

The dates of this work were as follows: as follows:

Notice of intention to do the work ~~was~~ (was not) submitted on Form C-102 on _____ 19__

and approval of the proposed plan ~~was~~ (was not) obtained. (Cross out incorrect words.)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

No. 7½ butane rotary moved in and well spudded on August 1, 1948

August 10, 1948 - 11-3/4" OD 56# casing set at 281 feet with 225 sx HOWC.

November 1948 - 7" OD 30# casing set at 4523 feet (Rge 2 and 3.) Cemented HOWC with 700sx. Monolith cement.

Witnessed by Bill Anthony (Name) Rio Grande Community (Company) Tool Pusher (Title)

Subscribed and sworn before me this 28 day of February, 19 49

Ernest A. Baca
Notary Public

My commission expires April 30, 1949

I hereby ~~swear or affirm~~ that the information given above is true and correct.

Name [signature]

Position Superintendent

Representing Rio Grande Community (Company or Operator)

Address Los Lunas, New Mexico

Remarks:

_____ Name

_____ Title

Form C-103

OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS REPORTS ON WELLS

Submit this report in triplicate to the Oil Conservation Commission or its proper agent within ten days after the work specified is completed. It should be signed and sworn to before a notary public for reports on beginning drilling operations, results of shooting well, results of test of casing shut off, result of plugging of well, and other important operations, even though the work was witnessed by an agent of the Commission. Reports on minor operations need not be signed and sworn to before a notary public. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of report by checking below.

REPORT ON BEGINNING DRILLING OPERATIONS		REPORT ON REPAIRING WELL	
REPORT ON RESULT OF SHOOTING OR CHEMICAL TREATMENT OF WELL		REPORT ON PULLING OR OTHERWISE ALTERING CASING	
REPORT ON RESULT OF TEST OF CASING SHUT-OFF		REPORT ON DEEPENING WELL	
REPORT ON RESULT OF PLUGGING OF WELL			

February 28, 1949 — Date

Santa Fe, N. M. — Place

OIL CONSERVATION COMMISSION,
SANTA FE, NEW MEXICO
Gentlemen:

Following is a report on the work done and the results obtained under the heading noted above at the

Rio Grande Community (Company or Operator) Skatchley (Lease) Well No. 1 in the SWSE of Sec. 5, T. 6 N, R. 1 E, N. M. P. M., WC Field, Valencia County.

The dates of this work were as follows: as follows:

Notice of intention to do the work ~~was~~ (was not) submitted on Form C-102 on _____ 19____

and approval of the proposed plan ~~was~~ (was not) obtained. (Cross out incorrect words.)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

No. 7½ butane rotary moved in and well spudded on August 1, 1948

August 10, 1948 - 11-3/4" OD 56# casing set at 281 feet with 225 sx HOWC.

November 1948 - 7" OD 30# casing set at 4523 feet (Rge 2 and 3.) Cemented HOWC with 700sx. Monolith cement.

Witnessed by Bill Anthony (Name) Rio Grande Community (Company) Tool Pusher (Title)

Subscribed and sworn before me this 28 day of February, 19 49

Ernest W. Bain
Notary Public

My commission expires April 30, 1949

I hereby swear or affirm that the information given above is true and correct.

Name [signature]

Position Superintendent

Representing Rio Grande Community
Company or Operator

Address Los Lunas, New Mexico

Remarks:

Name

Title

Form C-102

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL			

February 28, 1949 — Santa Fe, N. M.
Place — Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Rio Grande Community — Sketchley — Well No. 1 in SWSE
Company or Operator — Lease

of Sec. 5, T. 6N, R. 1E, N. M. P. M., WC Field.

Valencia County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

Present TD 4523 feet. ? We intend to drill plug and test formation from 4523 to 4600'. In the event production is not encountered, we intend to drill well deeper to production or 6,000 feet.

Approved Feb. 28, 1949
except as follows:

Company or Operator

By J. W. Barber

Position Superintendent

Send communications regarding well to

Name Rio Grande Community

Address Los Lunas, N. M.

OIL CONSERVATION COMMISSION,

By Frank C. Barnes

Title Geologist

Form C-102

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL			

February 28, 1949 — Santa Fe, N. M.
Place — Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the Rio Grande Community (Company or Operator) Sketchley (Lease) Well No. 1 in SWSE of Sec. 5, T. 6N, R. 1E, N. M. P. M., WC Field, Valencia County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

Present TD 4523 feet. We intend to drill plug and test formation from 4523 to 4600'. In the event production is not encountered, we intend to drill well deeper to production or 6,000 feet.

Approved Feb. ~~[illegible]~~ 28, 1949
except as follows:

OIL CONSERVATION COMMISSION
By Frank C Barnes
Title Geologist

Company or Operator
By T P Bailey
Position Superintendent
Send communications regarding well to
Name Rio Grande Community
Address Los Lunas, N. M.

(COPY)

Los Lunas, New Mexico May 27-49

"Because these securities are believed to be exempt from registration, they have not been registered with the Securities and Exchange Commission; but such exemption, if available, does not indicate that the securities have been either approved or disapproved by the Commission or that the Commission has considered the accuracy or completeness of the statements in this communication."

When we came down here some time back to drill out the cement and test the well from around the 4600' level, we found that the Halliburton Oil Well Cementing Co. had left 500 sacks of cement inside of the 7-inch O.D. casing. This brought the cement approximately 2500' up inside of the casing.

To have performed an ordinary cement job we would only have needed to pump in 150 sacks; but due to the fact that we had had two showings of oil and gas--one around 2700' and another at 3100' the idea of pumping in 700 sacks was to bring the cement up high enough outside the casing so as to protect those two showings. If we decided at a later date to test these showings, all that would have been necessary would be to gun perforate at those points.

The 7-inch O.D. casing was landed at4426 ft. The total bottom depth was 4614 ft., giving us approximately 190' of open hole below the shoe of the 7-inch casing.

When we drilled out the 2500' of cement that had been left in by the Halliburton Co., then we bailed and swabbed the well for the test. While doing this, the sand heaved from the bottom of the casing up inside of the casing around 2000', showing good signs of life, with some oil coming out with each swab, and lots of rainbows and gas bubbles.

I talked to several experienced oil men, and they said there must be great pressure below of some kind in order to heave this sand up to that point,

It was necessary, in order to hold the sand back and give the bottom 80ft. a chance to produce, a liner had to be set and cemented, bridging the sand off above and leaving the bottom 80ft. open, with perforated casing. Then the top remainder of blank pipe which was to hold the sand back from heaving up again, it was necessary to cement, putting a baffel plate at the top of

of the perforations, so the cement could not go down into the perforations, and would circulate back up around the liner where it was needed.

The Halliburton man was called in from Farmington, New Mexico and asked if they were capable of doing this job. They assured us they were, without a doubt; that that was their business. So about five or six days after they had completed the cementing job we went in in order to drill out the cement and open up the hole to make another try for production. We found the cement 300 ft. above the top of the liner, whereas it should have been around the liner.

We have decided the next time to try and entirely different Cement Company and it is our intention to fly a cement man from California to supervise this cementing job.

These were two bungled-up jobs and cost us a lot of time and money. Now we are going to take the well on down where we originally started ---around the 6000' level.

For your information, at the beginning of this deal, back in June of 1946, we made a deal with Mr. Elmer C. Von Glahn, who is a big cotton grower in the San Joaquin Valley, to drill this well. He agreed to furnish all finances in gathering the leases and drilling the well to completion. For this he was to have a one-half interest in the entire project; but when we finally had gathered the leases and our time was short, Mr. Von Glahn said that he was hard pressed for money, but that a little bit later on he would be all right. He asked Mrs. Elizabeth Y. Sketchley if she would provide the money so as to keep the leases in good standing until he had his affairs straightened out; so she did. Then a short time later I got a letter from Mr. Von Glahn and he said he was on the spot for cash, but he would give me a $20,000.00 note for one year from date in order to help out on the drilling; then I could either pay him back if I got an oil well--if not he would forget it. He felt rather bad because he was not able to go through as originally planned. So, I immediately went up to see him and we agreed on his notes in the amount of $40,000.00; which he made and gave to me. For that, he was to have a one-fourth interest in the project instead of one-half. Since that time he has sent me $3000 or $4000 at different times.

One lady wrote me and said that she thought Von Glahn ought to have plenty of money because she had seen in one of the Los Angeles papers that he was putting over an Oil Company deal in the amount of five million dollars. Of course this was merely a stock company which he was promoting and selling stock in; it didn't mean that he had the money by any means.

In order to sink the hole 1500' more where we originally started, we shall have to have casing, pay-rolls, fuel, and other items too numerour to mention; therefore, the undersigned, T. W. Bailes, is going to give to the Dalies Oil Company, which has just been formed, a 160-acre lease at13% royalty--at just what he got it for. This will leave the Dalies Oil Company 86½%, and the Dalies Oil Company in turn is capitalized for $50,000.00; but is only going to issue and sell $35,000.00 worth of stock - the other will remain in the treasury.

In this connection the 160 acres will stay intact; therefore, if we get a well where we are now drilling, this lease is large enough that the major oil companies will be interested.

This 160-acre lease lies in the same vicinity as another160 acre lease did lie, on which the Corporation Commissioner of Californ ia gave me a permit some few years back to sell to the general public 100,000 shares at $1.00 per share, and allowed me 100,000 shares of promotion stock---which made a total of 200,000. The price of this will only be $35,000.00, and no salesmen fees; and any stock that I or any of the other directors own, we pay for just the same as you do.

We intend to get the well down as fast as possible, working night-and-day shifts, if the money rolls in fast enough for the stock. I believe everyone who is in our lease should take some of this stock, regardless of the amount or size. This will help the situation along, as we mostly have to depend on the land owners buying.

For your information, I am not getting anything for this lease; I am merely giving it to the Oil Co. so as to raise enough to finish this project. However, if I get a well, I of course will make hundreds of times what I give away. So, whatever amount you decide to take, please make your check, or voucher or whatever it is, payable to the Dalies Oil Company, and mail to the Dalies Oil Company - or T. W. Bailes - or Mrs. Elizabeth Y. Sketchley, (all of Los Lunas, N. M.) as soon as possible, as we went to run this thing day and night and finish it.

The drill pipe we now have at the well and was rented in Odessa, Texas, is costing us $84.00 a day besides other expenses. So, if we will all do just the best we possibly can, I believe we shall eventually win out.

We hope to hear from you with a check just as soon as possible, when we will immediately make and mail to you your stock certificate. Each share is $1.00, and you can take as many as you like as long as we hav e them.

Yours very sincerely,

T. W. Bailes

P. S.:-

AMENDMENT TO LETTER DATED MAY 27-49
CONTAINING SALES MATERIAL

The Four-Star Oil Co. of California was the corporation which acquired the permit from the State of California to sell 100,000 shares at $1.00 per share and retain for themselves 100,000 shares at $1.00 per share.

The money was later returned to the investors of what stock had been sold, at the suggestion and request of T. W. Bailes, President, due to the fact that the Company had not commenced any work or operations. It was decided at that time to finance the deal in a different manner.

The Company is capitalized for $50,000.00 - 50,000 shares at $1.00 per share.

The offering to the public under the permit we have from the Blue Sky and Banking Commissioner of the State of New Mexico will be 35,000 shares at $1.00 per share, making a total of $35,000.00.

The money from the sale of the above-mentioned stock is to be used in deepening the well heretofore referred to: such as paying payrolls; buying casing and bits and core barrels, and other materials too numerous to mention, which are needed in the drilling and sinking and testing for oil.

T. W. B.

CHATTEL MORTGAGE

THIS MORTGAGE, made this 8th day of May 1947 by ELIZABETH Y. SKETCHLEY, County of Valencia State of New Mexico by occupation Mortgagor to Kenneth L. Stephens County of Valencia State of New Mexico by occupation, Mortgagee.

WITNESSETH: That the said mortgagor mortgages to the said mortgagee all that certain personal property situated at the City of Dalies in the County of Valencia State of New Mexico described as follows, to-wit:

One 126-foot steel derrick, Regan Crown Block,
Two 1000 barrel bolted steel tanks,
Six Hundred & Forty (640) feet of 11-3/4" casing,
Approximately 6300 feet of 7-inch O.D. range 2&3 seamless casing,

as security for the payment to the said mortgagee of the sum of Fifteen Hundred & 00/100 ---Dollars ($1500.00) on the 1st day of August 1947 with interest thereon at the rate of five percent per annum, in accordance with the terms of a promissory note of even date herewith, executed and delivered by the said mortgagor to the mortgagee; and also as security for the discharge and performance of all obligations and promises by said mortgage herein contained.

$1500.00 May 8th, 1947, Eighty-four (84) days after date for value received I promise to pay to Kenneth L. Stephens or order at Room 534, 106 West 3rd Street, Los Angeles, Calif., the sum of Fifteen Hundred & 00/100- - - - - - -Dollars with interest at the rate of five (5) per cent per annum from date, until paid, interest payable at maturity and if not so paid to be compounded and bear the same rate of interest as the principal; and should the interest not be paid when due then the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note. Principal and interest payable in lawful money of the United States.

/s/ ELIZABETH Y. SKETCHLEY

Said mortgagor promises to pay said sum of Fifteen Hundred & 00/100--Dollars ($1500.00), with interest thereon at the time and in the manner specified in said promissory note; and also that he will, during the continuance hereof, keep the mortgaged property in good condition and repair; and further that he will not remove, nor permit to be removed, any part of said property from the above premises without the written consent of the mortgagee first had and obtained; and further that he will, during the continuance hereof, keep the mortgaged property insured against loss by fire in some company which shall be satisfactory to the mortgagee, in an amount not less than Fifteen Hundred & 00/100------Dollars ($1500.00) loss, in any, payable to the mortgagee, as his interst may appear.

The said mortgagor hereby declares and warrants to the mortgagee that he is the absolute and sole owner and is in permission, of all said mortgaged property, and that the same is free and clear of all liens, encumbrances and adverse claims.

It is further agreed that, if said mortgagor shall fail to make payment of any part of the principal or interest as provided in said promissory note at the time and in the manner therein specified or in any breach he made of any obligation or promise of the said mortgagor herein contained or secured hereby, then the whole principal sum unpaid on said promissory note, with interest accrued thereon, shall immediately become due and payable, at the option of the mortgagee; and the said mortgagee may at once proceed to foreclose this mortgage according to law; or the said mortgagee may, at his option, and he is hereby empowered so to do, enter upon the premises where the said mortgaged property may be and take possession thereof, and remove, sell and dispose of the same, and from the proceeds of sale retain all costs and charges incurred by him in the taking or sale of said property, including any reasonable attorney's fees thereby incurred: also. he may take all sums due him on said promissory note under any including attorney's fees not exceeding five (5) percent upon the amount due; and any surplus of such provisions hereof proceeds remaining shall be paid to the mortgagor.

It is further agreed that upon any sale of the mortgaged property according to law, or under the power herein given, that the said mortgagee may bid on the said sale, or make a purchase of the said mortgaged property or any part thereof.

Witness my hand this 8th day of May 1947

/s/ Eliz. Y. Sketchley

/s/ Elizabeth Y. Sketchley

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On this 8th day of May A.D. 1947 before me, John F. Lynn a Notary Public in and for said County and State, personally appeared Elizabeth Y. Sketchley known to me, to be the person whose name is subscribed to the within Instrument, and acknowledged to me that she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ John F. Lynn

(Seal)
My commission expires June 26, 1950.

STATE OF NEW MEXICO)
) ss.
COUNTY OF VALENCIA)

This instrument was filed for record on Jun. 6, 1947 at 8:52 o'clock A.M. Recorded in Vol 50 of Records of said County, folio 287.

Eloy Garley, County Clerk
/s/ Mary Jo Garley, Deputy Recorder.

COMPARED
By /s/ N.V.
By /s/ L.G.

THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE

ATTEST: Eloy Garley

8-25 19 50

County Clerk and Clerk of the Probate Court in and for the County of Valencia, State of New Mexico.

By_____Deputy.

1. That said well, of unknown depth, standing in actual drilling inactivity for approximately one year, is a probable source of underground waste.

2. That the Operators have failed and refused to provide information requested by this Commission, or make reports as required by the Rules of this Commission for a period of more than a year and one half.

1. That this well has stood long — approximately one year without any drilling activity —

2. There is no information as to depth or condition of the well-bore.

3. Operators have filed no reports ~~since January 28, 19~~ as required by the Commission rules for approximately one and one half years.

4. That such well constitutes a probable source of underground waste

BEFORE THE

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

TRANSCRIPT OF HEARING

Case No. 277.

May 23, 1951.

E. E. GREESON
ADA DEARNLEY
COURT REPORTERS
BOX 1302
PHONE 2-4547
ALBUQUERQUE, NEW MEXICO

BEFORE THE

OIL CONSERVATION COMMISSION

May 23, 1951

MR. GRAHAM: Mr. Spurrier, will you authorize putting on Case No. 277 before Case No. 276?

CASE NO. 277: This is an application of the application of the Oil Commission, upon its own motion for T. W. Bailes, Elizabeth Y. Sketchley, and Rio Grande Community to show cause why they should not plug a well known as Rio Grande Community, Sketchley No. 1, SW/4 SE/4 Section 5, T. 6N, R. 1 E, for lack of compliance with the Oil Conservation Commission Rules and Regulations.

MR. SPURRIER: Yes, sir, Case No. 277.

MR. GRAHAM: Let the record show the notice has been read?

MR. SPURRIER: Yes.

ELVIS A. UTZ,

having been first duly swonn, testified as follows:

DIRECT EXAMINATION

By MR. GRAHAM:

MR. GRAHAM: Will the Commission ask if there is anyone here representing T. W. Bailes, Elizabeth Y. Sketchley, and the Rio Grande Community?

MR. SPURRIER: Yes.

Q Will you state your name?

A Elvis A. Utz, Engineer, Oil Conservation Commission.

Q Is it part of your duties to investigate and inspect wells attention for which is called by the absence of a report?

A That is correct.

Q Have you in the recent past had occasion to inspect the so called Rio Grande Community, Sketchley No. 1 well, located in the SW/4 SE/4 Section5, Township 6 N, Range 1 East?

A Yes, I have.

Q Previously, in the year 1948 or '49, did you examine that operation also?

A No, I did not. My first experience with this well, was in, approximately, somewhere in the middle part of 1949. Before that I had no knowledge of it.

Q I hand you the file on that well and ask you to tell of the beginning of the operation.

A The C-110, which is the notice of intention to drill this well, was dated April 16, 1948. It was noted on their last report concerning the operations on this well--this report is dated February 28, 1949, which is the last report--that the well was spudded August 1, 1948. However, other evidence which I have secured stated that the well was spudded in March of 1948. A few months earlier than the C-103 shows.

Q And that substantially completes the record in the office on the described forms.

A Other than the report on the casing. I have a prepared history or statement on the whole proceeding if you care for me to go through it.

Q Would you go through that? First let me call your attention to the fact that this bond covers the well in Section 5, 6N, 1E.

A That is correct. It does and there is no bond for the other and no--

Q That would be the next case.

A Excuse me.

(Off the record.)

A There has been no activity on this well since the last report which was dated February 28. 1949, except to move the rig from this location to a new location, which I understand is located in Section 32, 7N, 1E, and which is known as the San Clemente--

Q (Interrupting) And is the subject matter of Case 276?

A That's right. It was reported on C-103, signed by T. W. Bailes, that the well was cased with 7 inch OD set at 4523 with 700 sacks of cement. Eleven and three-quarters OD set at 281 with 275 sacks of cement. Authoratative information has been received orally to the effect that a drill collar was lost and whipstock set to by-pass this. I say that a fishtail and a bit was in the bottom of the whipstock hole. Failure to recover these tools is believed to render the well bore unusuable. No samples have been given to the commission or the State Bureau of Mines at Soccoro, even though they were requested on several occasions. The daily record of drilling activity wasn't available to the Commission. The latest inspection of the location

which was made May 21, 1951, resulted in the following report. At the surface there are three strings of casing; 18 inch, 11 and 3/4 inch and 7 inch. A wooden plug is stuck into the top of the 7 inch. A six by six by three foot cellar is left open surrounding the casing. A ten by ten by twenty-five board mud pit is also left open, as are two other mud pits of less depth. The location is generally cluttered with old bits, chain, cable and other miscellaneous junk. That is all.

Q In your opinion, Mr. Utz, that operation has been abandoned in fact.

A That's right.

Q And it isn't plugged?

A It isn't plugged.

Q In accordance with the rules of the Commission?

A No, sir.

MR. GRAHAM: That is all, Mr. Commissioner.

MR. NEWMAN: On several occasions I have talked to well servicing companies in Hobbs to determine whether the well was working. These servicing houses can certify as to the amount of work they have done there. That's all.

MR. GRAHAM: Do you have any information, Mr. Newman, how deep that hole might be or might have been?

MR. NEWMAN: What well are we on?

MR. GRAHAM: This is 5- 6N-1E, Rio Grande.

MR. NEWMAN: No, I don't have any information how deep that might be.

MR. GRAHAM: But these concerns have been to that well on official jobs?

MR. NEWMAN: Yes, sir. Is this the most recent well or not? That is the old well.

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STATE OF NEW MEXICO)
: SS
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of proceedings before the Oil Conservation Commission, in Case No. 277, taken on May 23, 1951, at Santa Fe, is a true and correct record to the best of my knowledge, skill and ability.

Dated at Albuquerque, this 20th day of June, 1951.

E. E. Greeson
Reporter

My Commission Expires:
August 4, 1952