

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO.

In the application of A. C. Kittell, :
Trustee, to pull the casing and plug :
the well known as Spatter No. 1, lo- :
cated on NE¹/₄SW¹/₄ of Sec. 2, T. 31 R. 11, :
NMPM, in Aztec Field, San Juan County. :

A P P L I C A T I O N .

Comes now A. C. Kittell, Trustee, a resident of San Juan
County, State of New Mexico, hereinafter referred to as applicant,
and alleges and states, as follows:

That heretofore, the applicant was made Trustee by N. Spatter,
a resident of the State of California, for the benefit of certain
creditors of the said Spatter, which said appointment was placed in
escrow in the Citizens Bank of Aztec, Aztec, New Mexico, subject to
the conditions contained said escrow, on the 6th day of July 1935,
and which escrow agreement was, in words and figures, as follows:

" The enclosed agreement made by N. Spatter, on the date of July
6th is to be held by the Citizens Bank of Aztec for the period of 45
days from this 6th day of July 1935, conditioned that the said N.
Spatter show receipts to A. G. Ramsower each Saturday from this date
for all current expenses made in his drilling operations and that he during
that time continue his drilling operations. In event that the said N.
Spatter does not continue his drilling operations on the lease described
in said agreement and does not in the meantime show and file receipts
with the said A. G. Ramsower for all current expenses each Saturday, then
the said Citizens Bank of Aztec shall deliver the agreement, enclosed
herein, to the said A. C. Kittell and in which event the said A. C. Kittell
shall execute the provisions of said agreement. "

(Signed) N. Spatter"

and that the said enclosed agreement was, in words and figures, as follows:

"WHEREAS, the undersigned, N. Spatter, is now indebted unto various
persons, on account of his drilling operations on and upon a certain oil
and/or gas well, known as Spatter No. 1, located on the oil and/or gas
lease heretofore made by Sherman R. Coon and wife to the said N. Spatter,
on lands lying in San Juan County, New Mexico, described as follows:

SE¹/₄SW¹/₄, NE¹/₄SW¹/₄, and SW¹/₄SE¹/₄ Sec. 32 Township 31 N. Range 11 WMPM.
AND WHEREAS, the said well is unfinished and the said N. Spatter is
unable to make the payments of the various amounts so owed and is desirous
to enable the said creditors to obtain what is due them.
NOW THEREFORE, the said N. Spatter does by these presents consent and
agree that A. C. Kittell may act as his Trustee and pull the casing in
said well, remove and store the same until an opportunity is had to sell
the said casing at a fair price and with the proceeds pay off all of the
said indebtedness which has arisen from the said drilling operations,

first paying the expenses caused the said A. C. Kittell in pulling, transferring and storing said pipe, and from the proceeds of sale, when made, the debts now existing to be paid, as follows:

1. All existing liens, according to their priority, with interest thereon and attorney fees provided therein.
 2. All other debts which may have been caused or occurred during and in connection with the said drilling operations on said well, including a \$50.00 note held by A. G. Ramsower, which is held as collateral by the said A. G. Ramsower, the rental due on the rig and drilling equipment and the account of W. J. Marshall, assigned to the said A. C. Kittell. In case there is a balance after the payment of the said debts as aforesaid, then the balance shall be paid by the said A. C. Kittell unto the said N. Spatter.
- Witness my hand and seal this 6th day of July 1935.

N. Spatter (SEAL)

STATE OF NEW MEXICO, :
: SS:
County of San Juan. :

On this 6th day of July 1935, before me personally appeared N. Spatter, to me personally known to be the person described in and who executed the foregoing instrument and acknowledged to me that he executed the same as his free act and deed.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year last above written.

(SEAL)

Jane M. Graves
Notary Public

My commission expires May 1 1939"

That thereafter, to-wit: on March 11th 1936, a supplemental agreement was executed by the said N. Spatter and A. C. Kittell, which said supplemental agreement is, in words and figures, as follows:

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made this 11th day of March 1936, by N. Spatter of Los Angeles County, State of California, party of the first part, and A. C. Kittell, Trustee, party of the second part.

WITNESSETH: That whereas the said N. Spatter did on the 6th day of July 1935 appoint the said A. C. Kittell as his Trustee, to pay off certain debts then due and owing by the said N. Spatter to certain individuals, heretofore set out and to pull the casing ^{then} in the well known as Spatter No. 1 and sell the same for that purpose, in case of default in payment of the said debts by the said Spatter, within 45 days from the said 6th day of July 1935, as is shown by the escrow envelope, in which said agreement was enclosed, the same being deposited in the Citizens Bank of Aztec, Aztec, New Mexico, which said debts are now as follows:

Series of notes from N. Spatter, dated February 2, 1935 payable to A. C. Kittell, as follows:

No. 2, with interest from date at 6%	\$ 75.00
No. 3	75.00
No. 4	75.00
No. 5	67.00
Note from N. Spatter to The Aerex Company, dated February 27th 1935, with interest at 6%	104.72
Rig rent, ticket No. , dated Mch. 18 1935	50.00
Labor lien of E. W. Harvey, paid by A. C. Kittell on July 6th 1935 for said Spatter, and assigned to Kittell	82.60
Open account from Spatter to W. J. Marshall, paid by Kittell July 6th 1935, balance	4.40
Claude T. Smith, Attorney fee	50.00
Note to A. G. Ramsower by Spatter, less \$50.00	45.00
Ticket for rig rent, dated March 10 1936, xxxx for \$235.00, with credit of \$50.00 for engine	185.00
Open account to A. G. Ramsower, less \$30.00	220.00

All of the above items bearing interest as shown in notes and on all other items interest at 6% from the date thereof.

THAT WHEREAS, a fault has been made in the payments of the said indebtedness, as provided in the escrow agreement, and the said Spatter is desirous of continuing his drilling operations on the said Spatter No. 1 well.

IT IS THEREFORE AGREED by and between the parties that the said Spatter pay to the said A. C. Kittell, Trustee, on this date the sum of \$100.00

and shall pay hereafter the sum of \$100.00 each month on the 12th day of said month until the full amount of said indebtedness is paid, and in the meantime to continue to pay the weekly current expenses in said drilling operations and present the receipts therefor to the said A. G. Ramsower on Saturday of each week, as is provided in said escrow, and in event that said Spatter makes said payments as agreed herein and shows and deposits the said receipts for the current expenses with the said Ramsower, then the said A. C. Kittell, Trustee agrees to refrain from pulling said casing, making sale thereof and doing the things set out in the original agreement, and it is distinctly agreed by the said Spatter that in case of default in any of the above agreements and conditions on his part to be performed then the said A. C. Kittell shall have the immediate right to perform the powers contained in his authority as Trustee and all additional indebtedness herein contained, more than appears in the appointment as Trustee shall be paid by the said A. C. Kittell, Trustee, if and when he shall exercise the said powers in said authority contained.

WITNESS THE HANDS and seals of the parties hereto, this 11th day of March 1936.

H. Spatter (SEAL)
A. C. Kittell (SEAL)

STATE OF NEW MEXICO, :
: SS:
County of San Juan. :

On this 11th day of March 1936, before me personally appeared H. Spatter and A. C. Kittell, to me personally known to be the persons described in and who executed the foregoing agreement and acknowledged to me that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above set out.

My commission expires May 1 1939

Jane M. Graves
Notary Public

(SEAL)

That thereafter, the said Spatter having defaulted in his payments as agreed to be made in the said above supplemental agreement the said A. C. Kittell, Trustee, made application to your body on Nov. 9th 1936 for approval of intention to pull the casing the said above set out well, known as Spatter No. 1 and which application was approved by your body on November 12 1936; that operations were thereafter begun for the pulling of said casing and the plugging of said well and while so proceeding your body sent to the said Kittell, Trustee, a telegram in words and figures, as follows: Am advised by H. Spatter you have no authority from him to plug said Spatter well number one in section thirty two thirty one stop eleven stop do not begin plugging operations or discontinue them if strated stop andreas state oil and gas inspector will visit you and inspect well in next few days.

OIL CONSERVATION COMMISSION

BY H. H. WELLS STATE GEOLOGIST.

Said telegramd being dated from Santa Fe, N Mex. January 18, 1937.

Thatthereafter, said Andreas, Inspector, went to the Spatter location and on February 27, 1937 your body, by H. H. Wells, State Geologist, wrote to said Kittell closing, as follows: "We would prefer t have Mr. Spatter's approval of further plugging work on the well in question. We suggest that you get in touch with him and have him advise us what his wishes are."

That your applicant has been unable to make any settlement with the said Spatter; that the said well has been abandoned since _____ and no effort has been made by the said Spatter to move another rig on the said location to replace the rig moved off by the said Aerex Company, owner of the rig for which the rent had not been paid; that there is no watchman on the premises and no apparent determination or intention to continue further operations on said lease or said well; that the said Spatter has been since the _____ day of _____ 1937 conducting oil operations in a spasmodic attempt to drill an oil well in the State of Colorado, about _____ miles north of the well in question; that this applicant is informed and from such information believes that the rig and machinery in operation on the said last mentioned _____

oil well are owned by the said Spatter and could at any time during the past six months been used in drilling operations on said Spatter No. 1; that the said Spatter well No. 1 has been standing with an open hole from its stated total depth of 1750 feet to the bottom of the casing at 1250 feet, making 500 feet of open hole, the condition of which is probmatal and likely to cause injury to the the adjoining lands; that the said abandonment of said well 1 is a clear violation of the intent and purposes of the Oil Conservation Act and the actions of the said Spatter in connection with the approval of your body for this Trustee to plug the well have been deceitful and have been for the sole purpose of using your body to avoid the payment of a debt by his Trustee, which Trustee was appointed on an adequate considetation and which appointment is irrevocable and no attempt has at any time been made by the said Spatter to revoke the said Trusteeship.

Your applicant prays your body to permit him to proceed under the authority given him in your approval of November 12th 1936 and cause the said Spatter, if there is any legal questions as to the validity of said Trusteeship, to go into the proper jurisdiction to question the said validity.