

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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July 19, 1944

Roy Record
Roy, New Mexico

Gentlemen:

On July 7th the Commission sent you legal advertisement in Case No. 53 with the request "UPON COMPLETION OF PUBLICATION PLEASE SEND PUBLISHER'S AFFIDAVIT".

The affidavit has not been received. Please check the matter and forward the affidavit immediately.

Very truly yours,

John W. Kelly
Director

By

Chief Clerk & Legal Adviser

CEL:MS

**NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

CASE No. 53

In the matter of the application of J. L. Head and W. A. Miller for an order determining as abandoned the carbon dioxide well sometimes known as the J. L. Head & W. A. Miller carbon dioxide well, NENE, (sometimes described as NENW) 31-20N-31E, Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission. This case is set for 10 a. m., August 4, 1944.

The attorney for the applicants is K. H. Dally, Esquire, Borger, Texas.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 7, 1944.

**OIL CONSERVATION
COMMISSION,**

By (Sgd) JOHN M. KELLY,
(Seal) Secretary.

Pub. July 10, 1944.

S BILL

44 lines, one time at \$ 3.52
 _____ lines, _____ times, \$ _____
 Tax \$ _____
 Total \$ 3.52

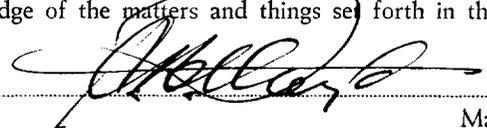
Received payment,

By _____

Affidavit of Publication

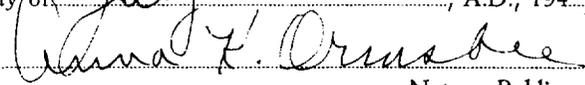
State of New Mexico, }
 County of Santa Fe } ss.

I, C. B. Floyd, 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 one 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 one time ~~weeks consecutively~~ in the first publication being on the 10th day of July, 1944, and the last publication on the 10th day of July, 1944; 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.



Manager

Subscribed and sworn to before me, this 10th day of July, A.D., 1944



Notary Public.

My Commission expires

June 11, 1945

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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July 15, 1944

Honorable K. H. Dally
Box 46
Berger, Texas

Re: Case No. 53, Notice for publication

My dear Judge Dally:

In reply to your letter of July 13, a hearing before this Commission is in the nature of a quasi-judicial proceeding. Sworn testimony is adduced in support of whatever order is to be promulgated. A transcript of the testimony is made by a reporter. An order of the Commission is subject to review by the District Court. Fortunately, with the splendid cooperation of the operators and attorneys applying for hearings before the Commission, no order of the Commission thus far has ever been reversed.

You are applying for an order making a finding that the well in question is abandoned and for an order to plug said well. One of the main purposes of the Commission is to prevent avoidable waste. Your testimony should be supporting of your petition. It would be highly advisable for you to appear with whatever testimony you have to offer for the Commission has no way of knowing your adversaries, if any, until the morning of the hearing. The only pleading is the petition. The right of any interested party to appear for or against your petition exists.

Kindest personal regards.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

Box 46
Borger, Texas
July 13, 1944

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention: Carl B. Livingston

In Re: Case No. 53, notice for publication.

Gentlemen:

Your letter of July 7 received, together with copy of notice for publication. In as much as I am not familiar with legal proceedings in a matter of this kind, please advise whether it is customary or necessary for Dr. Head and myself to be present on the 4th day of August, 1944. I could put in a call to you about two days before the hearing to learn whether or not there has been any protest filed.

Please advise me fully about this.

Very truly yours,



KFD:wjb

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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July 7, 1944

The Santa Fe New Mexican
Santa Fe, New Mexico

The Roy Record
Roy, New Mexico

Re: Case No. 53, Notice for Publication

Gentlemen:

Please publish the enclosed notice once, immediately.
Please proof read the notice carefully and send a copy of
the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND
PUBLISHER'S AFFIDAVIT.

For payment please submit statement in duplicate
accompanied by voucher executed in duplicate. The vouchers
must be signed by a notary in the space provided on the back
of the voucher. The necessary voucher blanks are enclosed.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 7, 1944

Honorable K. H. Dally
County Attorney
Borger, Texas

Re: Case No. 53, Notice for Publication

Dear Mr. Dally:

Enclosed is a copy of the notice of hearing in
the above captioned case.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

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CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 7, 1946

Mr. W. B. Grigsby, Supervisor
Maryland Casualty Company
212 E. 6th Street
Amarillo, Texas

Re: Case 53, Order 621

Dear Mr. Grigsby

As requested in your letter of January 4, enclosed please find signed copy of the acceptance of the Colo-Mex Gas Company's bond and cancellation of the Head and Miller bond.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS

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MARYLAND CASUALTY COMPANY

STEWART McDONALD, CHAIRMAN OF THE BOARD AND PRESIDENT

AMARILLO OFFICE
EL PASO CLAIM DIVISION

W. B. GRIGSBY, SUPERVISOR
212 E. 6TH STREET, AMARILLO, TEXAS

January 4, 1946

Mr. Carl B. Lovington
Chief Clerk and Legal Advisor
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

Referring to your letter of November 23rd, which deals with the Head and Miller Bond on the NENE (NENW) 31-20N-31E, my Company has called for a copy of your letter of October 16th, which you refer to, accepting the Colo-Mex Gas Company bond and cancelling our bond.

If it is possible for you to furnish us a copy of this letter we will appreciate it very much. Thank you.

Very truly yours,

W. B. Grigsby
W.B. Grigsby, Supervisor
Amarillo Sub-Office
El Paso Claim Division

WBG:vm

cc El Paso Division

cc Contract Bond Dept.

*Case 53 - letter to Richard J. ... dated Oct 16, 1945
copy*

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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November 23, 1945

Mr. W. B. Grigsby
Maryland Casualty Company
212 E. 6th Street
Amarillo, Texas

Re: Case 53.

Re: Head & Miller Bond - NEWE (NEEM) 31-20N-31E.
Maryland Casualty Co. Cancelled 10-15-45.

Dear Mr. Grigsby:

In reply to your letter of November 19th by order No. 621 in Case 53 with respect to the bond noted in the caption the Commission took the following action on October 15, 1945:

***"That the plugging bond of Colo-Mex Gas Company to cover said well, now filed with the Commission, be accepted and the plugging bond of J. L. Head and W. A. Miller for same said well be cancelled."

On October 16 the writer carried out the Commission's order by issuing a letter of acceptance of the Colo-Mex Gas Company's bond and cancellation of the Head and Miller bond referred to, both as of October 15. The cancelled bond, of course, is never returned but retained as a part of the Commission records. The letter of cancellation serves as your evidence that the responsibility under the bond is terminated as of the date of cancellation.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS
cc Maryland Casualty Company
El Paso, Texas

MARYLAND CASUALTY COMPANY

STEWART McDONALD, CHAIRMAN OF THE BOARD AND PRESIDENT

AMARILLO OFFICE
EL PASO CLAIM DIVISION

W. B. GRIGSBY, SUPERVISOR
212 E. 6TH STREET, AMARILLO, TEXAS

November 19, 1945.

H. O. NO. 64939 Field 2471

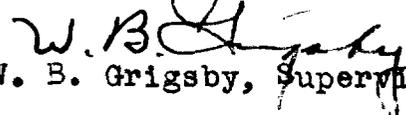
J. L. Head & W. A. Miller \$2000 Bond. NE $\frac{1}{2}$ NW $\frac{1}{4}$ 31-30W-31E Maryland Casualty
Co surety Filed 3-31-37. Carbon Dioxide Well NE $\frac{1}{4}$ NE $\frac{1}{4}$ 31-20W Harding County
New Mexico (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$).

Mr. Carl B. Livingston
Chief Clerk & Legal Adviser,
New Mexico Oil Conservation Commission
Santa Fe, New Mexico.

Dear Sir:

I have just learned that our Bond NO. 64939 F & S Filed 3-31-37
under the above caption has been discharged and a new bond substituted.
Will you please furnish us with a certified copy of the Order discharging
our Bond, and attach your bill for any costs in this connection. Thank you.

Very truly yours,


W. B. Grigsby, Supervisor.

CC: Contract Bond Dept.
CC: El Paso Claim Division.

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

June 28, 1945

Judge K. H. Dally
Borger, Texas

Re: Case 53 @ Order No. 587
Head & Miller - Carbon Dioxide well

My dear Judge Dally:

Pursuant to your request by long distance telephone you are being sent the following matters: a set of Forms C-102 and C-103. These are to be made out in triplicate. Form C-102 is to be used for application to plug well stating the program to be followed. When completed this form must be submitted in triplicate to Roy O. Yarbrough, State Oil and Gas Inspector, Hobbs, New Mexico, for his approval or suggestions of revision should your proposed plugging program not be in keeping with rules and regulations of this Commission with respect to plugging. Form C-103 is to be executed and submitted in triplicate to the same party after the plugging is performed for his consideration of approval — Form C-103 sets out how the approved plugging program in C-102 was carried out. When the C-103, report of plugging, is approved by Mr. Yarbrough, the bond covering the well is eligible for immediate cancellation.

For your convenience and more detailed instruction you are being sent under separate cover Circular 5. You will find it convenient to turn to page 23, outline of steps in connection with a well from beginning to end. You are here chiefly concerned with steps 14 and 15. Each step cites a rule and page.

Mr. Yarbrough's approval of your plugging program in C-102 will be subject to the provisions of the above captioned order, another copy of which is herewith enclosed. Your particular attention is drawn to the "order" portion. The order became effective 15 days after its execution, which execution date was January 29, 1945. A six months period is included in which the bond principal may plug the well unless before such plugging is performed any of those claiming the ownership or operating rights of said well supply the Commission with an acceptable bond to cover said well pending the outcome of existing litigation determining title to the land upon which said well is located and the consequent operating rights thereof. No such bond

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CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

K. H. Dally

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so far has been supplied. That six months period should run out August 13, whereupon the principal of the bond must plug the well if the bond, during the six months period, has not been supplied by the parties mentioned.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS
cc Roy Yarbrough

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May 16, 1945

Dr. J. Wesley Head,
110 East Fifth Street
Berger, Texas

Re: Case No. 53 - Order No. 587
Head & Miller - Carbon Dioxide well

Dear Dr. Head:

As requested in your letter of May 12 you are being sent here-
with a set each of Form C-102 and C-103. Under separate cover you are
being sent Circular 5 of the Commission. At page 23 note the "Outline
of Steps to be Taken by Well Operators From Beginning to End". See
steps 14 and 15 which refer to the particular page and rule governing
plugging of a well.

When you prepare Form C-102 in triplicate outlining your
plugging program you are to submit that form to Roy O. Yarbrough, State
Oil and Gas Inspector, Hobbs, New Mexico, for his consideration of
approval; however, Mr. Yarbrough's approval will be subject to the
provisions of the above captioned order which, as heretofore pointed
out to you, prescribes a six months period in which any interested
party may submit an acceptable plugging bond to the Commission unless
prior to that time you have performed the plugging.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS
cc Roy Yarbrough

J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS

5-12-45

Mr. Carl Livingston
Dear Sir.

Replying to yours of 5-2-45 -

my machinery in progress for
plugging ~~will~~ refer to. will
you please send me the necessary
blanks C.102 - also C.103 - I shall do
the job under Mr. Garbrough's
instructions. I feel I'm permitted
to plug the well without waiting
for a bond from anyone else -
under the order of the Commission
or as set out in your letter on
page two. You will please
send blanks ask for; and
information Thanks -

J. Wesley Head, M.D.

OIL CONSERVATION COMMISSIC
SANTA FE, NEW MEXICO

May 2, 1945

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J. Wesley Head, M. D.
110 East Fifth Street
Borger, Texas

Re: Case No. 53 - Order No. 587
Head & Miller - Carbon Dioxide well

Dear Dr. Head:

In reply to your recent wire please consult the provisions of the order in the above captioned matter, a copy of which order was transmitted to you by mail January 30, 1945. To refresh your memory the order portion of the order is quoted below:

"IT IS THEREFORE ORDERED:

A. That J. L. Head and W. A. Miller shall be permitted to plug said well in accordance with the provisions of said bond and the laws, rules and regulations of the Commission, unless before such plugging is performed any of those claiming the ownership or operating rights of said well supply the Commission with acceptable bond to cover said well pending the outcome of said litigation determining title to the land upon which said well is located and the consequent operating rights thereof. If, however, after six months from the effective date of this order, the petitioners herein have not already plugged said well or if any of those claiming the operating rights or ownership of said well have not supplied an acceptable bond to the Commission, then the petitioners herein must proceed to plug said well in accordance with the laws, rules and regulations of the Commission and its administrative requirements.

B. The order herein shall be effective 15 days after its execution."

You will observe three things: The order did not go into effect until 15 days after its execution date, which was January 29, 1945. Then for

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

J. Wesley Head

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six months Head and Miller are permitted to plug said well unless before such plugging is performed any of the interested parties supply the Commission with an acceptable plugging bond to cover the well pending the outcome of existing litigation. Then after that six months period the well must be plugged if no bond is submitted or if Head and Miller has not already plugged the well. Head and Miller, under the provisions of the above quoted order, are required in the plugging procedure to plug said well in accordance with the laws, rules and regulations and administrative requirements of the Commission.

The requirements governing plugging provide that application shall be made in triplicate upon Form C-102, notice of intention to plug, setting forth the plugging program. Before actual plugging is to be performed approval is required by an authorized agent of the Commission - this is Mr. Roy Yarbrough, State Oil and Gas Inspector, Hobbs, New Mexico. Your plugging program which you may propose may or may not be in keeping with good conservation practices. Mr. Yarbrough passes upon such features. When approved by that official then you perform the plugging in accordance with the approved notice. Then when the actual plugging is done a report of plugging is made in triplicate upon Form C-103, showing how the proposal of plugging was carried out. When this latter report is approved by Mr. Yarbrough, your bond is entitled to cancellation.

In my letter of April 25, I simply recited the fact that no plugging bond had thus far been submitted. Then on April 27 when I learned that a plugging bond was expected to be filed soon I deemed it advisable simply to advise you of the fact that a bond was expected to be filed. I felt that I should so inform you since in substance the order provides that for a six months period Head and Miller may plug the well in accordance with administrative requirements provided one of the interested parties did not file a plugging bond before the well was actually plugged.

Very truly yours,

Chief Clerk & Legal Adviser

CEB:MS
cc Roy Yarbrough

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201

SYMBOLS

- DL = Day Letter
- NL = Night Letter
- LC = Deferred Cable
- NLT = Cable Night Letter
- Ship Radiogram

A. N. WILLIAMS
PRESIDENT

(28)

The filing time shown in the date has on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

VF85 NL PD= BORGER TEX 29

CASE B LIVINGSTON=

APR 29 PM 7:58

OIL CONSERVATION COMMISSION STATE DEPT SF=

YOUR LETTER OF 4 NAD 27 TOLATE HAVE STARTED ACTION
 UNDER YOUR LETTER OF LAST WEEK AND HAVE INCURD SIXTEEN
 HUNDRED DOLLARS EXPENSE CANT STOP NOW=

J W HEAD.

TOLATE 4 27 INCURD.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

IL CONSERVATION COMMISSIO
SANTA FE, NEW MEXICO

April 27, 1945

AIRMAIL
SPECIAL DELIVERY

Dr. J. Wesley Head
110 East Fifth Street
Berger, Texas

Re: Case No. 53 - Order No. 587
Head & Miller - Carbon dioxide well

Dear Dr. Head:

Further answering your letter of April 23, my understanding now is that a plugging bond is expected to be filed within the next ten days so as to permit release of your bond. I trust that will be the case and I shall so advise you immediately upon receipt of the expected bond. I regret that I did not have this information when I wrote you on April 25.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

cc - Judge Kahere

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

April 25, 1945

Dr. J. Wesley Head
110 East Fifth Street
Borger, Texas

Re: Case No. 53 - Order No. 587

Head & Miller - Carbon dioxide well

My dear doctor Head:

In reply to your inquiry of April 23, no interested party has filed plugging bond with the Commission to cover the well noted in the caption, pursuant to the order named in the caption.

A copy of the order, by registered mail with return receipt, was forwarded to Mr. J. W. Landon, Secretary, Colo-Mex Gas Company, Canon City, Colorado, on January 30, 1945, to which there has been no response.

Very truly yours,

Chief Clerk & Legal Adviser

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J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS 4-23-45

Mrs. Carl Livingston

My Dear Carl.

would you please advise me by return mail what has been done about the well on the Deboer land known as Head Miller well? If the other forty made a bond or not? if not would it be ok for me to pull and plug the well at once so as to get shut of my bond? when you wrote me last you said if the other forty (The Colby Goss Co) did not act in 11 day it would be turned over to me you would do me a real favor if you will give this your prompt attention. Thank you in advance

Yours Truly -

J. Wesley Head M.D.

IL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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January 23, 1945

J. Wesley Head, M. D.
110 East Fifth Street
Berger, Texas

Re: Case No. 53
Head & Miller - carbon dioxide well, NENE
(sometimes described as NENW) 31-20N-31E,
Harding County.

Dear Doctor Head:

In answer to your letter of January 10, the writer will recommend to the Commission an appropriate order for the Commission's consideration at an early meeting.

Very truly yours,

Chief Clerk & Legal Adviser

CEB:MS

J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS 1-10-45-

Mr. Carl Livingston
Santafe N.M.

Dear sir and friend

Your reply came some
days ago. I don't understand
why it is necessary for the Commission
to hold up action on my application
to plug the Head Miller well pending
the decision of the court on the suit
to cancel the lease. My lease
gives me the right to make every
thing off the ground regardless of
who owns the lease. The well
and the equipment will still belong
to me under the lease contract. I will
feel compelled to start some proceeding
to get away from the bond as the bonding
company is demanding I do something
at once. It has been seven months
since I met with the Commission.
They promised me action soon
there after. Will you please advise me
at once fully so I will know what to do.
The enclosed? The enclosed?

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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August 8, 1944

Mr. J. W. Landon, Secretary
Colo-Mex Gas Company
Canon City, Colorado

Re: Head & Miller - Carbon Dioxide well, NENE
(sometimes described as NENW) 31-20N-31E,
Harding County)

Dear Mr. Landon:

In reply to your letter of August 2nd you will find enclosed a carbon copy of letter of James T. Locke, which answers the same question which you presented in your letter.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CEL:MS

CANON CITY, COLORADO.

August 2nd. 1944

THE OIL CONSERVATION COMMISSION,
OF THE STATE OF NEW MEXICO,
Santa Fe, New Mexico.

Re HEAD-MILLER CO2 GAS WELL,
NW $\frac{1}{2}$ NE $\frac{1}{4}$ Sec.31, Twp. 20N. R 31E.
Harding County, New Mexico.

Sirs; our attention had been called to the fact, (by John P. Healy of 333 Don Casper Street, Santa Fe, New Mexico,) that a hearing has been called for the purpose of determining whether the Bond furnished by HEAD & MILLER, given to secure the proper plugging and cementing of the well in accordance with the RULES and REGULATIONS of the OIL CONSERVATION COMMISSION, of the STATE of NEW MEXICO, may now be canceled and Head & Miller relieved of any further responsibility.

This well was completed early in 1938 and cemented according to the regulations of the State Oil Conservation Commission, by the State Engineer as in good condition.

The well was tested and found to be of commercial value and capable of producing approximately 5,000,000 feet of pure CARBON DIOXIDE CO2 Gas, of a purity of better than 99/100 per cent pure, with no water at all.

The Well is securely cased and controlled with Valves which conform with the requirements of the Commission, and it has been carefully looked after and preserved with the hopes of getting a plant on it for the purpose of manufacturing CO2 products. There has been difficulties of different nature that has prevented our securing a plant or being to sub lease to some concern who might secure a plant. The War condition has made it impossible to secure new machinery.

The lease on the land on which this well is located is owned by John P. Healy, L.M. Appel, J. J. Donnelly and various interest holders who hold interests of assignment by Head & Miller. The COLO-MEX GAS COMPANY, is a NON-PROFITS organization, organized for the purpose of looking after the interest of the various interest holders, with power to act for them in every capacity, sell the Gas, mortgage the products and transact any and all business matters for the various interest holder.

It seems that it is understood that a BOND is to be required, and if such is necessary the COLO-MEX GAS COMPANY, is willing and ready to enter in to securing such a bond along with the others interested.

The form of Bond sent us does not seem to conform with our situation. We are owners of Lease from a private land owner and not from the STATE of NEW MEXICO, nor from anyone who owns land upon which the State of New Mexico has reserved the minerals, Oil or Gas.

The Statute referred to in the Bond deals entirely with State Lands and leases on State Lands. Reference, Sections 132-423 NEW MEXICO STATUTES Annotated, 1929. We have a copy of that Statute and have read it very carefully. We also have a copy of RULES AND REGULATIONS, referred to as form C-101, "Notice of intention to drill". Since we have a Producing well which has met all requirements, and it does not come under the interest of the STATE of NEW MEXICO, or the STATUTE governing the same, we do not see that we should be required to furnish a bond at this time, however, it is not our intention to be arbitrary in this or any other matters.

Thanking you, we remain, Very truly,

COLO-MEX GAS COMPANY

By *J.W. Bond* Secretary

L CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

August 8, 1944

James T. Locke, Esquire
Attorney at Law
Harrison Building
Canon City, Colorado

Re: Head & Miller - Carbon Dioxide well, NENE (sometimes
described as NENW) 31-20N-31E, Harding County.

My dear Judge Locke:

The question which you raise in your letter of August 3rd has been answered for you in detail a number of years ago and some of the law you cite in the 1929 Statutes Annotated has been considerably changed since that edition.

For your information you are being sent under separate cover Circular 5 of this Commission. The basic Oil and Gas Conservation Act is Chapter 72, Laws of New Mexico 1935, which you will find under "Division 1, Statutes". In particular see Section 10 (1), page 6 of the Circular. See Rule 39, "Bonds" and the Commission's resolutions on pages 33 and 34 of said circular.

The Commission is given jurisdiction for oil and gas conservation purposes over all State and privately owned lands in New Mexico. While the land upon which the well in question is located is privately owned land the Commission still has jurisdiction over said well for conservation purposes which includes proper plugging. The bond form is made broad enough to include the surface damage provision required by law for any mining operations upon State lands where State lands have been sold by the State with minerals reserved. This was for the purpose of precluding the necessity of giving two bonds where the lands happen to be that type of State land. Where the land is not State land the bond covers only approved plugging in accordance with the laws, rules and regulations of the Commission when the well is ultimately dry or abandoned.

L CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

James T. Lockie

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There are several thousands producing wells in New Mexico, the majority of which are upon State or patented land. All are covered by a bond containing both matters mentioned. If the Commission were not authorized to require plugging bond for a well capable of producing, do you suppose that the operators of the several thousands wells would for a moment not raise the question? Many of these operators are represented by some of the country's most outstanding legal talent and the companies are just as anxious to save money as you or anyone else. Notwithstanding the foregoing all the producing wells upon State or patented land are bonded to assure approved plugging when dry or abandoned.

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As you of course know, on August 4th the Commission heard the petition of J. L. Head and W. A. Miller, present bond principals upon the bond of the Maryland Casualty Company, surety, to determine the well as abandoned and for an order to plug said well. The Commission has not promulgated any order but took the matter under advisement.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

Y
CEL:MS
cc J. W. Landon
Canon City, Colo.

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

Aug. 3rd 1944.

Oil Conservation Com.,
c/f Public Land Com Office,
Santa Fe N. M.,

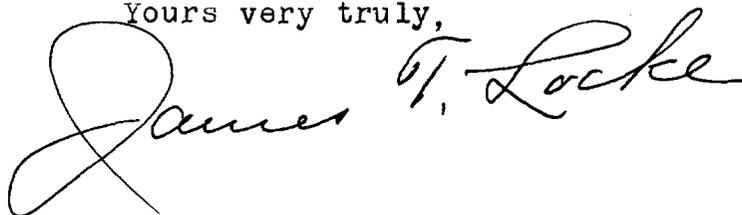
Gentlemen: In re Bond on Head & Miller C.O.2 well
 Harding Co.

My wife Pearl S. Locke owns 1/6 interest in the CO₂ gas well above mentioned by purchase of undivided interests in the land and the money was mostly used to drill the well and case it thoroughly. Three strings of pipe are left in and it was cemented to shut off water by experts from Texas. It was all done right and inspected from time to time by N.M. authorities. It was rated by N.M. insector largest in the field and the gas is pure and ready for plant. It is on privately ownd land held by U. S. patent - not State land.

In the bond form sent us you refer to Sec 132-428 which relates only to state lands. The plugging statute which covers all classes of land is Sec 97-202. It provides for plugging proceedure when a well is ready to be plugged. No bond is mentioned . These sections are found in Annotated Statutes of 1929.

I see no authority or reason why we should be put to the expense of \$50.00 per year or any other sum to provide for plugging this producing well. If you have any statute not cited above please advise me. We have always complied with your statutes and still wish to do so but protest this idle and foolish expense that might continue over a long period of years. If there is any law for it please cite it.

Yours very truly,

James T. Locke

WATER CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

*returned to
Atty with [unclear]*

May 17, 1943

Honorable K. H. Dally
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 Bond. 31-20N-31E. Maryland Casualty Co., surety. Filed 3-31-37.

Re: Carbon Dioxide Well, 31-20N-31E, Harding County, New Mexico (sometimes described as 31-20N-31E).

Dear Mr. Dally:

Evidently you did not understand my letter of May 7. To refresh your memory: heretofore J. L. Head, one of the parties principal of the plugging bond noted in the caption, filed his petition before this Commission for an order to adjudge the well covered by said bond as abandoned and for further order to plug said well. The petition was returned to you for the joining of Mr. W. A. Miller, the other party principal of said bond. What you have really sent me is a copy of a Power of Attorney wherein W. A. Miller authorizes Dr. J. W. Head to sign or act for him in certain respects. A properly certified copy of such Power of Attorney would be proper to file as an exhibit at the hearing of the case.

As explained to you in previous correspondence, when your petition is submitted to the Commission and it is found in proper order then the Commission sets a time for hearing, order publication of the notice of hearing as provided by law. When the case is heard before the Commission the petitioner presents sworn testimony and exhibits in support of the petition. Whatever order is promulgated by the Commission is founded upon sworn testimony.

Some years ago it appears that the Colorado-Max, through some sort of litigation, obtained control of the well; however, J. L. Head and W. A. Miller are still responsible for the plugging of said well pursuant to the provisions of their plugging bond. The Colorado-Max thus far as failed and refused to supply plugging bond so as to permit cancellation of the J. L. Head and W. A. Miller bond. Therefore, in order to be relieved of the bond, J. L. Head and W. A. Miller's recourse is to try the well for abandonment and for an order to plug the well.

IL CONSERVATION COMMISSIC
SANTA FE, NEW MEXICO

K. H. Dally

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5-17-43

Possibly the corporate surety, the Maryland Casualty Company,
may desire to join the parties principal in the petition.

Please note that J. L. Head and not J. W. Head is one of
the parties principal of said bond.

Very truly yours,

John H. Kelly
Director

Chief Clerk & Legal Advisor

CEB:MS

cc T. W. Scales
Maryland Casualty Co.
El Paso, Texas

K. H. DALLY
County Attorney
HUTCHINSON COUNTY

Borger, Texas

May 14, 1943.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen: RE: HEAD, J.E. & MILLER, W.A. - \$2000 Bond
NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E Maryland Casualty Co.
Surety Filed 3-31-37

RE: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ 31-20N-31E
Harding County, New Mexico (sometimes described
as NE $\frac{1}{4}$ NW $\frac{1}{4}$)

Your letter of may 7th received. I am enclosing
herewith certified copy of the power of attorney
given to Dr. Head by W.A. Miller, and if it is deemed
sufficient, Dr. Head would still like to have the
plugging permit issued.

Please advise.

Very truly yours,

K. H. Dally

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 871

June 29, 1942

C
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Honorable K. H. Dally
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 Bond.
NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E. Maryland Casualty Co.,
Surety. Filed 3-31-37.

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes
described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E,
Harding County, New Mexico.

Dear Mr. Dally:

Under date of May 29 the writer returned the
petition of J. L. Head in order that Mr. W. A. Miller,
principal of the above captioned bond with J. L. Head,
may join in the petition.

The petition has not been returned to the
Commission. This is to call your attention to the matter
in case there has been some oversight or change of intention.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CEL:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 7, 1943

Honorable K. H. Dally
County Attorney
Worger, Texas

Re: Head, J. L. & Miller, J. A. - \$2000 Bond. No. 31-208-311. Maryland Casualty Co., surety. Filed 5-31-42.

Re: Carbon dioxide well, No. 31-208-311, Garving County, New Mexico (sometimes described as A. 262).

Dear Mr. Dally:

Under date of May 28, 1942, the writer returned the petition of J. L. Head and order of Mr. W. A. Miller, principal of the above captioned bond with J. L. Head, may join in the petition. The petition was not re-submitted to the Commission. Under date of June 29, 1942, the writer repeated the request to return the petition. This has not been done.

The plugging bond noted in the caption is still in effect and will remain in effect until the well is plugged according to the requirements of the Commission or until some other party supplies the plugging bond.

Please give this matter your immediate attention.

Very truly yours,

John W. Kelly
Director

CHL:MS
cc J. L. Head
W. A. Miller

By

Chief Clerk & Legal Advisor

CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 871

May 29, 1942

Honorable K. H. Dally
County Attorney
Burger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 Bond.
NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E. Maryland Casualty Co.,
Surety. Filed 3-31-37.

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes
described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E,
Harding County, N. M.

Dear Mr. Dally:

The petition of J. L. Head submitted in your
letter of May 15 is returned for the following reason:

You should have W. A. Miller, Co-principal of
the bond noted in the caption, join with J. L. Head in
the petition, if the plugging bond on file with the
Commission is to be relied upon for security of approved
plugging.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CHL:MS

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K. H. DALLY
County Attorney
HUTCHINSON COUNTY

Borger, Texas

May 15, 1942.

New Mexico Oil Conservation Comm.
Santa Fe, New Mexico:

IN RE: CARBON DIOXIDE WELL NE $\frac{1}{4}$ NE $\frac{1}{4}$
SOMETIMES DESCRIBED AS NE $\frac{1}{4}$ NW $\frac{1}{4}$ SEC.
31 - 20N - 31E, Harding Co. New Mexico.

Gentlemen: Attn. Carl Livingston.

Enclosed please find application for plugging the
above well, executed by J.L.Head.

Thanking you for this and your many past courtesies
I remain,

Very truly yours,



OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 371

April 7, 1942

C
O
P
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Honorable K. H. Dally
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 Bond. NE[NW] 31-20N-31E. Maryland Casualty Co., Surety. Filed 3-31-37.

Re: Carbon Dioxide Well, NE[NW] (sometimes described as NE[NW]), Sec. 31-20N-31E, Harding County, N. M.

Dear Mr. Dally:

Reference is made to your letter of March 24.

The bond noted in the first portion of the caption does not have Dr. J. W. Head as principal but does have J. L. Head and W. A. Miller.

Dr. J. W. Head who presented the petition to plug the well covered by said bond is, of course, a stranger to the Commission insofar as the particular bond is concerned. A stranger petitioner, of course, should submit a plugging bond in the amount and type as required by the Commission at the time the petition is presented. Since the filing of the bond noted in the first portion of the caption, bond requirements have changed.

Enclosed is a copy of Circular No. 4, which contains on page 3 the bond requirements as to carbon dioxide wells. You will note that the plugging bond that is required under that rule is \$5000 for one well.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CEL:MS

K. H. DALLY
County Attorney
HUTCHINSON COUNTY

Borger, Texas

March 24, 1942

New Mexico Oil Conservation Comm.
Santa Fe, New Mexico

Re: Head, J. L. & Miller, W. A. - Carbon
Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes des-
cribed as NE $\frac{1}{4}$ NE $\frac{1}{4}$), Sec. 31-20N-31E,
Harding County, New Mexico.

Gentlemen:

ATTENTION: Carl B. Livingston

Your letter of March 19th received. Doctor Head was under the impression that since at the time he made his \$2,000.00 bond, that was all that was required by law and that the \$2,000.00 was the plugging bond, he would at this time be permitted to proceed with the plugging of the well under the \$2,000.00 bond. In other words the question in Dr. Head's mind is whether or not having placed a \$2,000.00 bond and same being sufficient at the time it was placed, the change in your law would require him at this time to submit a different bond.

Please advise me fully with reference to this matter.

Very truly yours,

KFD:mw



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

P. O. Box 871

March 19, 1942

Honorable K. H. Dally
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - Carbon Dioxide Well,
NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$). Sec. 31-
20N-31E, Harding County, New Mexico.

Dear Mr. Dally:

Reference is made to your letter of March 14, enclosing petition of J. Wesley Head, M.D., for an order adjudging the well in question as abandoned and for a permit to plug said well.

The applicant, to show his good faith, should tender a \$5000 bond for the purpose of assuring proper plugging of the particular well. When this bond is submitted, the Commission will simply hold its acceptance or rejection in abeyance until the matter is heard and the Commission has issued its order granting the order petitioned for or denying it.

I doubt whether it would be practicable to have the matter set down for hearing before the regular meeting in the latter part of May or June in view of the fact that our Governor, Chairman of the Commission, is convalescing from a very serious operation and is gradually getting back into the swing of the tedious routine of his work.

When you resubmit the matter with the bond in question, it will be very helpful if you will send several copies of your petition, which is herewith returned for the purposes named.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CBL:MS

K. H. DALLY
County Attorney
HUTCHINSON COUNTY

Borger, Texas

March 14, 1942

New Mex. Oil Conservation Comm.
Santa Fe, New Mexico

In re: Carbon Dioxide Well
NE $\frac{1}{4}$ NE $\frac{1}{4}$ sometimes described
as NW $\frac{1}{2}$ NW $\frac{1}{2}$, Sec. 31 - 20N -
31E Harding County, N. Mex.

ATTENTION: Carl Livingston

Gentlemen:

Your letter of January 10th addressed to Dr. Head has been handed to me for attention. I am submitting herewith what I believe complies with the suggestions in your letter with reference to securing a permit to plug the well as described above. Of course, you understand that in this kind of practice I am very far from home and if this is not sufficient I will appreciate any suggestions that you are in position to make to me.

Thanking you for your courtesies in this matter and for your usual prompt attention, I remain

Very truly yours,



KHD:mw

P.S. I well remember my visit with you some three years ago when you sketched a perfect likeness of Lawyer Stennis. I told him about it and without calling your name he said, "Oh, that was Carl Livingston."

K.H.D.

P. O. Box 871

January 10, 1942

Dr. J. Wesley Head
110 East Fifth Street
Berger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 NE $\frac{1}{4}$ NW $\frac{1}{4}$
31-20N-31E. Maryland Casualty Co., Surety.
Filed 3-31-37.

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described
as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E, Harding County,
New Mexico.

Dear Doctor Head:

Reference is made to your letter of January 7, wherein you propose application for permit to plug the well noted in the caption in order that the plugging bond covering said well may be cancelled.

In view of that situation the writer in the past has written a number of letters to the apparent operator of said well or its attorney with the view of getting said concern to post a plugging bond with the Commission so that the bond noted in the caption may be cancelled. It was pointed out in said correspondence that a plugging bond, insofar as the Commission is concerned, is necessary not only for the well being drilled but also for well in its completed form, even though it be a producer, to assure approved plugging when the well is ultimately dry or abandoned. However, no bond of said operator has been submitted. On the other hand, the supplying of said bond was denied.

Your procedure in making application for plugging said well and to have the bond noted in the caption cancelled is as follows:

Have your council prepare a petition or complaint to be filed and heard before the Commission sitting in its quasi-judicial capacity. When the petition or complaint is allowed by the Commission a Notice of Hearing is published as provided by law. The issues are then heard before the Commission upon sworn testimony. Any interested party is allowed to be heard.

All wells when dry or abandoned should be plugged. If the well is in fact abandoned, the petitioner may petition for an order to adjudge the well as abandoned and leave to plug said well in accordance with the administrative requirements of the Commission.

However, the grounds and manner of preparing the petition or complaint are matters for the decision of your council.

Form C-102, Notice of Intention to Plug and Form C-103, Report of Plugging, both in triplicate, in this case would only be approved by an authorized agent of the Commission after hearing and promulgation of a proper order.

The practical course for all parties concerned would simply be to avoid unnecessary litigation before the Commission. The party who has assumed operation of the well could supply the bond (which under present requirements must be in the sum of \$5000 with corporate surety) and then the bond which you seek to have cancelled would become a reality upon acceptance of the new bond.

As already indicated the bond in question, insofar as the Commission is concerned, is to assure approved plugging. You can therefore readily see that the Commission could not cancel the bond noted in the caption unless the well is determined as abandoned or unless the parties who have assumed operation of the well supply the bond as required by the Commission.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CBL:MS

J. WESLEY HEAD, M. D.
110 EAST FIFTH STREET
BORGER, TEXAS

January 7, 1942

Oil and Gas Conservation Commission
Santa Fe,
New Mexico

Attention Mr. Livingston

My dear Mr. Livingston:

You will recall that last October I was in Santa Fe and discussed with you the plugging of the Head, Miller well in Section 31, Range 20 North, in Harding County, New Mexico. You gave me some blanks at that time with the instructions how to make application to Plug a well in the State of New Mexico.

After coming home I talked with one or two of the parties interested and they were of the opinion they could get the matter worked out in a short time. However there hasn't been anything done in so far as getting the well opened is concerned.

Unfortunately I have misplaced the papers which you gave me while in your office. I have made up my mind fully that I will make application for the Plugging of that well at the earliest moment possible and wind the matter up.

Will you please be so kind as to mail me the necessary blanks by return mail to carry out my purpose and as soon as the papers are returned to you I will appreciate it very much if you will take the necessary steps to notify all interested parties of record of the application.

If you prefer I will be glad to furnish you with the names of all parties who have interest in the well and their addresses as near as possible.

Hoping to hear from you at your earliest convenience I am wishing for you and yours a joyous and happy New Year. I am

Yours very truly,



J. Wesley Head, M.D.

JW:ra

LIST OF OWNERS IN HEAD AND MILLER ASSIGNMENTS.

James T. Locke, Canon City, Colorado
George and Lula Newell, 405 Doyier, Canon City, Colorado
Contract to J. J. Donnelly, Fremont Co. Colorado
Thos. M. Warner, Canon City, Colorado
Iloyd and Anna Dingman, Pueblo, Colorado
Mark and Emma Richardson, Pueblo, Colorado
Mark and Charles Richardson, Pueblo Colorado
Charles Richardson, Pueblo, Colorado
Jannette Richardson, Pueblo, Colorado
Bertram V. Blackwell, Amarillo, Texas
G. W. Ecton, La Junta, Colorado
Ralph A. Reynolds, Vernon Ecton, M. H. Crowley, La Junta, Colorado
W. H. McCreery, La Junta, Colorado
Walter J. Frost, La Junta, Colorado
John H. Holly, Swink Colorado
F. H. Burshears, La Junta, Colorado
E. O. Halsted, Florence, Colorado
Charles Schwarz, Portland, Colorado
Leila M. Rapp, Pueblo, Colorado
Ira Dulton, Pueblo, Colorado
Charley, Mannett and Mark B. Richardson, Pueblo, Colorado
Dan B. Holcomb, Canon City, Colorado
Pearl S. Locke, Canon City, Colorado
Roy Lenocker, La Junta, Colorado
Mrs. Emma Richardson, Pueblo, Colorado

LIST OF OWNERS IN HEAD AND MILLER ASSIGNMENTS

PAGE 2

Claude Ecton, La Junta, Colorado

Ralph A. Reynolds & Vernon Ecton and W. H. Crowley, La Junta, Colorado

Hoy G. Brosius, La Junta, Colorado

Walter Corbin, La Junta, Colorado

Edward Reiss, Pueblo, Colorado

F. D. Poindexter, La Junta, Colorado

John H. Holly & F. H. Burshears, & E. G. Woodbridge, La Junta, Colorado

Not Recorded Thos. M. Warner, Canon City, Colorado (Assignments from
Warner to Charles A. Bliley and Rebecca B. Billey, his wife, Canon City,
Colorado.

Alexander Walker and Mary Warner Walker his wife, Canon City, Colorado

Held by Harding County Abstract Company

J. C. Sullivan, Pampa, Texas

J. C. Adams, Borger, Texas

Lester Sullivan, Pampa, Texas

J. W. Landen, Canon City, Colorado

R. M. Conder, La Junta, Colorado

Tom C. Hanagan, Swink, Colorado

Blanche Hellman, Pueblo, Colorado

Henry Dinken, La Junta, Colorado

John H. Cowden, ?

Victor N. Lagerquist, ?

John H. Holly & F. H. Burshears, La Junta, Colorado

July 13, 1940

Mr. James T. Locke
Attorney at Law
Harrison Bldg.
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NE $\frac{1}{4}$), Sec. 21-20N-31E, Harding County, New Mexico.

Dear Mr. Locke:

Reference is made to your letter of July 11.

To one not familiar with the practice under oil regulatory bodies in New Mexico, the interpretation which you place upon the bonding requirement may seem reasonable, but you have not analyzed the rule nor correctly quoted it. It is true that the bond covers two items -- damage to surface when under state purchase contract (which in the instant case does not apply), and the plugging of the well when it is finally abandoned.

That portion of the rule which applies in the instant case reads:

"All liability on bonds conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved." (The underlining is mine.)

You misread the rule in stating that in this respect the bond stands until the well is completed and approved. The fact is the rule reads, "until the plugging of such well or wells is completed and approved." That eventuality has not transpired.

As explained to you in my former letter, the well is covered by a good bond with corporate surety. In so far as the Commission is concerned, the Commission is protected by the assurance of the bond standing until the plugging of such well is completed and approved. The only parties who have given a bond may wish to force the ceasing of their liability upon the bond by having the well adjudged as abandoned, and under an order therefor plug the well. The calling to the attention of the parties who now apparently are the interested ones was simply a courtesy.

Mr. James T. Locke

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The provision which is quoted covering carbon dioxide wells is exactly the same provision that stands in Circular No. 1, which circular was employed for gas wells of all kinds up until the adoption of Circular No. 4 for specific rules as to carbon dioxide wells. As referred to before, there are some 3,000 producing wells in New Mexico, most of which are owned by oil companies and independent operators of unquestioned responsibility and integrity. Most of these have a most excellent corps of petroleum attorneys upon their legal staffs. It would seem exceedingly odd that every one of these interpret the rule in question for exactly what it says: "All liability on bonds conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved."

What little difficulty the Commission has had in this direction is usually through someone practically altogether unfamiliar with the workings and practices under this oil regulatory body. To you, your interpretation undoubtedly seems correct, but is incorrect in fact. It is for you to advise your clients as you see fit, but you and they are now on notice as to the existing situation. Should the principals or surety upon the now existing bond covering the well in question seek to end their responsibility upon petition before the Commission to have the well ordered abandoned and with an order for approved plugging, then where would the parties now actually in interest be?

With explanations as full and as clear as I can make them, further statements would only be a reiteration of what has been said before, and I shall therefore conclude my correspondence in the matter and leave the matter rest with you.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

July 11, 1940.

Mr. Carl B. Livingston, Atty.,
Oil Conservation Commission,
Santa Fe, New Mexico.

Dear Mr. Livingston:

Re: CO₂ well in Section 31 - 20 N. R.
31² E., Harding County, New Mexico.

I thank you for your letter of the 9th in the above matter and I have read carefully the markings in the Circular No. 4 you sent me, which embraces Order No. 67 of the Commission.

There are two subjects only to be covered by bonds:

1. Bonds "conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved."

This is one condition and a distinct period of termination. Your rule then provides for another condition:

2. Bonds "conditioned to protect surface owners as aforesaid shall cover liability incurred during the entire period of oil and gas operations by the principal on the lands involved".

Your rule makes a clear distinction as to the period these two classes of bonds shall run. The first conditioned for the plugging of a well runs "until the well or wells is completed and approved". When the other condition is in, the bond runs "during the entire period of oil and gas operations by the principal."

Bonds to protect the surface, mentioned in paragraph 2 hereof, are only authorized in the following circumstances: Page 3, "When the well or wells involved or any such wells are

Mr. C. B. L.

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July 11, 1940.

located on a state oil and gas lease and the surface of the land involved was sold by the State prior to such oil and gas lease, such bond may at the election of the principal, be conditioned not only for the plugging of such well or wells as above provided, but also to secure the payment for such damages to the live stock range, water, crops or tangible improvements on such land as may be suffered by such purchaser or his successors in interest by reason of development, use and occupation resulting from such oil and gas leases."

The bonds mentioned in the second paragraph hereof are only authorized where the land was originally state land and the surface has been sold, we will say, to Bill Smith. In that case, Bill Smith may require under this rule that the bond may go further than the plugging of the well, when abandoned, and cover damages to Bill Smith on account of injury to his range, etc. In no other case is that warranted and our land is not in that class. It is patented by the Government of the United States and was never owned by the State. Therefore, the bond in this case would only be held good, it seems to me, until it was determined whether the well was a success or a failure, as your rule says, "completed and approved", and if a failure, the bond would be terminated upon the plugging of the well.

But your rule says that where a bond is conditioned for the protection of the surface owners under land purchased from the State, that "it shall cover liability incurred during the entire period of the oil and gas operations by the principal on the lands involved".

In my judgment it is as plain as the nose on your face that in our case the liability on the drilling bond should be terminated because the well has resulted in production and as I told you is cased with three strings of casing, and is capped and being protected in every way and is waiting only for a plant to become of value to

Mr. C. B. L.

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July 11, 1940.

both the State of New Mexico and its owners.

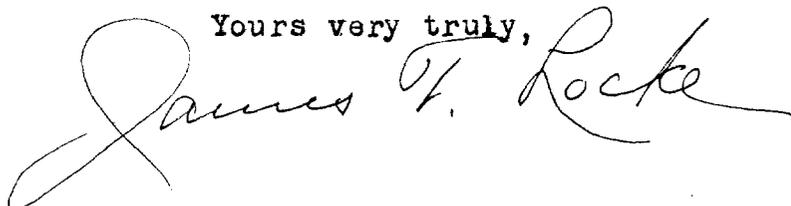
It was the pioneer well, excepting the abandoned well of 1914, which is on our land, to reach what is called the "big sand". No other well except 1914 up to that time had been drilled below 1700 feet. Ours was drilled to 2142 feet and we have the largest production of any well in the field.

We do not think that it is fair or within your rule, to compel us to pay a Surety Company for a bond on this well. As I said in my letter of yesterday, our folks may prefer to do it to antagonizing your Commission. But they ought not to be forced to do that.

I have written Denver as I told you in my letter of yesterday, and sent a copy of our correspondence on this subject, and asked Judge McLaughlin, interested in the New Mexico Gas Ice Company owning a half of this well, and one of Denver's best lawyers, to advise me of their attitude. We believe this well is likely to be producing CO₂ gas for many years because we have great faith in the field, and in the ultimate value of the gas, but it is a dead expense to us now and we have put a lot of money in it.

I did not discuss this subject further in my letter of yesterday because I felt, after reading your letter, that my attitude was irritating. I do not think it should be, and I now again appeal to your judgment in this matter on our peculiar facts.

Yours very truly,



JTL/EMW

July 12, 1940

Mr. James T. Locke
 Attorney at Law
 Harrison Building
 Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E, Harding County, New Mexico.

Re: Drilling bond with J. L. Head and W. A. Miller, Principals, and Maryland Casualty Company, Surety, for one well upon NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E, Harding County, New Mexico.

My dear Mr. Locke:

Reference is made to your letter of July 10.

I do not wish you to feel that you are being imposed upon in our insistence for a bond covering the well noted in the caption. You state you find no authority for such, but are willing to comply in view of the fact that there are 3,000 producing wells which are within the requirements of the Commission. You are referred to the bonding requirements in Circular No. 4 of the Commission which was sent you under date of July 9. The requirements are specifically stated therein, in substance: Wells are bonded until approved plugging.

The well in question is covered by the bond noted in the caption, but, as explained to you before, either the principal or the surety might at any time petition the Commission sitting in its judicial capacity to have the well adjudged as abandoned and to obtain an order for plugging. Dr. J. Wesley Head has already been insisting upon the Commission's granting him authority to plug this well so as to be relieved of his bond. He has not done so through petition to the Commission but simply by informal request. That is why I wrote you along the lines of having your client supply the bond.

It is not the Commission's function to supply corporate sureties. There are some fifty or sixty licensed in New Mexico to write bonds of this nature, which number takes in most of the well known and well recognized companies.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
 Carl B. Livingston
 Attorney

UHL:ik

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

July 10, 1940.

Mr. Carl B. Livingston, Atty.,
Oil Conservation Commission,
Santa Fe, New Mexico.

Dear Sir:

Re: CO₂ well in Section 31 - 20 N., R.
31² E., Harding County, New Mexico.

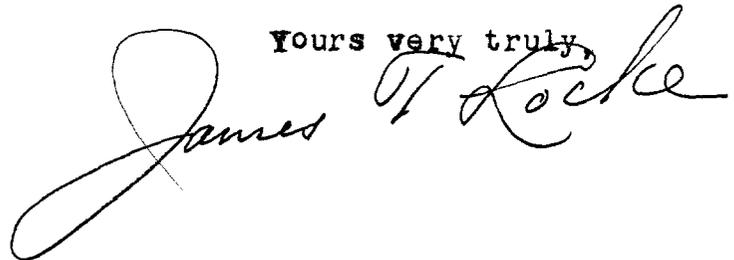
I have your letter of the 8th.

While I could find no authority for requiring the bond on the well in ~~its~~ condition, since you say there are 3000 producing wells under the jurisdiction of the Commission, all under bond, that seems to establish a practice that the owners of this well may not wish to combat.

Will you, therefore, give me the name and address of the Surety Company on the present bond and tell me what amount of bond the Commission requires on this particular well in its present condition and under its circumstances?

In the meantime, I will take the matter up with the owners in Denver and some other interested parties and make preparation to act upon the matter.

Yours very truly,



JTL/EMW

July 9, 1940

Mr. James T. Locke
Attorney at Law
Harrison Building
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes de-
scribed as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E,
Harding County, New Mexico.

My dear Mr. Locke:

Further replying to your letter of July 5,
enclosed please find Circular No. 4 of the Com-
mission governing carbon dioxide. Your atten-
tion is especially drawn to Bonding Requirements
on pages 3 and 4.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

OBL:ik
Enc.

July 8, 1940

Mr. James T. Locke
 Attorney at Law
 Harrison Building
 Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes de-
 scribed as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E, Harding
 County, New Mexico.

My dear Mr. Locke:

Reference is made to your letter of July 5.

The purpose of writing the Colorado-Mex Gas Company for a drilling bond was merely for your client's own protection. Both principal and surety on the present bond have the right to have that bond cancelled upon abandonment of the well. The principal is insisting upon his bond being cancelled. This cannot be done, of course, until the well is plugged. If your client as the owner does not desire to substitute a bond, the principal or the surety on the existing bond can file a petition before the Commission sitting in its judicial capacity to have determined the issue as to the abandonment of the well in question.

The Commission has jurisdiction over not only state owned lands, but also over privately owned lands carrying the oil and gas rights. Drilling bonds are conditioned up to final approved plugging. There are nearly 3,000 producing wells under the jurisdiction of the Commission under bond. Do you think these bonds would be continued if the Commission could not enforce its orders? From your letter, I surmise you are not familiar with the oil and gas business in New Mexico, and I trust that you are not advising your client along the lines suggested in that letter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
 Attorney

CBL:ik
 cc - Colorado-Mex Gas Co.
 cc - Mr. Frank Horn.

C
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 P
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JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

July 5, 1940.

Mr. Carl B. Livingston, Atty.,
Oil Conservation Commission,
Santa Fe, New Mexico.

Re: Carbon Dioxide Well, R₁ R₂ 31 -
20 N. 31 E., Harding County, New
Mexico.

Dear Sir:

I received the Oil Conservation Commission Circular No. 1 and also Circular No. 4, Rules and Regulations, for which I thank you. I have been necessarily delayed in answering and got in the 4th of July looking the matter up in your Circulars. One matter is settled that CO₂ gas and oil insofar as applicable, are controlled by the oil and gas Statutes.

The question now is about the numerous owners of this well giving a bond for plugging the well when abandoned in the circumstances that this well was drilled to below 2100 feet and has 3 strings of casing in it, besides the short string of 12 inch casing at the top. This casing, with the very careful cement work that was done by the employment of a specialist from the oil field, has shut off all water, and there is no water in this gas and no impurities.

The State authorities of New Mexico were kept advised all the time in relation to this and advised at various points and were continuously consulted on all important matters regarding the casing and cementing of this well. After it was finished, the authorities measured the CO₂ gas that was produced at 4,995,000 cubic feet per day of CO₂ gas, and the gas is practically pure except for a bit of moisture that probably came from the atmosphere in the process of testing it.

✓ The owners are L. M. Appel, 1004 Harrison Street, Denver, Colorado, and Joan P. Nealy, of

ILLEGIBLE

Mr. C. E. L.

---2---

July 8, 1948.

Bueyeros, New Mexico, and their associates or their Company, New Mexico Gas Ice Company, who own an undivided one-half, and the other undivided one-half is owned by diverse individuals who took assignments from Dr. Head, whom you mention, and one A. A. Miller, and Dr. Head has, as you say he admits, sold out his entire interest and Miller has likewise, and got the cash for it. The major part of the drilling was done by James J. Donnelly, who now owns about one-eighth, I think, of this well.

Donnelly and the other unit holders of the one-half not held by Appel et al, organized the Colo-Mex Gas Company, a New Mexico Corporation, for the purpose of concentrating their efforts to handle this well and other leasehold interests on lands adjoining, and made that corporation their agent for that purpose, without any ownership of the gas vested in the corporation.

It seems that when Jim Donnelly started the drilling of the well Head and Miller furnished a bond which no doubt they paid for out of the funds they got from the sale of the interests, and that bond is still standing as I understand, and perhaps it should continue to stand so long as the well is not abandoned. That question I do not pass upon. I do say, however, that there is nothing in these statutes or in your rules and regulations that I can find that authorizes the Commission to require a new bond of the present owners to be given and maintained until this producing well is abandoned, which we hope may be many years. Such a bond would be a further useless expense to the men who have put up the money to drill this well, which is presumably money that was spent for the advancement of the CO₂ gas field of the good State of New Mexico and mostly spent by Colorado men.

Rule 39, Circular No. 1, says "any person who has drilled or is drilling or proposes to drill shall give a bond." As I have stated before this was done, and there is no other authority that I can find for requiring a bond.

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Mr. C. B. L.

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July 3, 1940.

You say in your last letter that Dr. Head asks an order of the Commission permitting him to plug this well. Just about like him. If the Commission would back him in such a damnable act, he would do it, or attempt to. Of course the Commission would not take the responsibility of making such an absurd order. I am writing thus fully in the belief that the Commission will not impose an unnecessary expense on these unit holders in these circumstances, and particularly when there is no statute requiring or authorizing them to do so.

Will you please be good enough to put this matter up to the Commission just as I have given it to you. The matter of plugging this well can be taken care of by the Commission under authority of other statutes when the well is exhausted. In the meantime, the State of New Mexico ought to get some revenue from it and is certainly under obligations to the men who put up the money to produce the CO₂ gas in this well, and who are earnestly and diligently endeavoring at this time to get a plant on the well where they have the whole interest in the balance of 1230 acres leased from De Baca, not from the State, and derived through the lease from De Baca to John P. Realy, of Bueyeros, New Mexico.

We are protesting the useless expense which the State of New Mexico would get no part of but would all go to some Loring Company. If Dr. Head's bond is up let it stand. We paid for it out of our money, no doubt, and he has not kept his agreement with his assignees, particularly in that he and Miller agreed to drill a second well and they have not done so, but of course you are not concerned particularly in that. I mention it only because you might think it was a hardship on him since he has no further interest in the well. That is the purpose I have in referring to Dr. Head at all.

Pardon my carelessness in answering.

Yours very truly,

James T. Locke

JTL/LML

ILLEGIBLE

June 19, 1940

Colorado-Mex Gas Company
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{2}$ NE $\frac{1}{2}$ (sometimes de-
scribed as NE $\frac{1}{2}$ NW $\frac{1}{2}$), Sec. 31-20N-31E, Harding
County, New Mexico.

C
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Gentlemen:

Your attention has heretofore been brought to the advisability of supplying a bond to cover the above captioned well. It has been pointed out that although the well may be completed and capped, the bond as required by the State is conditioned to endure until final approved abandonment.

The well at present is covered by a bond with J. L. Head and W. A. Miller, Principals, and Maryland Casualty Company, Surety. However, J. Wesley Head, M. D., 110 East Fifth Street, Borger, Texas, who seems to have had some connection with the well and the bond in question, insists upon being allowed to be issued a permit to plug said well in order to have the bond eligible for cancellation. Dr. Head states that he no longer has any interest in the well. From the files of the Commission, it is observed that no permit to drill the well in the first place has ever been granted by the Commission.

It is our understanding that you are now responsible for the well in so far as ownership is concerned, and it was therefore believed that you would naturally wish to supply the required bond in order that your bond may replace the drilling bond of Head and Miller noted above, and in order that said bond of Head and Miller may be cancelled.

Please give this matter your attention.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
cc - Mr. J. J. Donnelly
Colorado-Mex Gas Company
Canon City, Colorado
cc - Mr. Frank Horn

May 23, 1940

C
O
P
Y

J. Wesley Head, M. D.
110 East Fifth Street
Dorger, Texas

Dear Dr. Head:

Reference is made to your letter of May 21.

I refer you to my letter of April 24. J. Wesley Head has no bond with the Commission, nor any permit for any well in Harding County.

As explained in my letter to which I refer, Head and Miller (Dr. J. W. Head and W. A. Miller) as principals, and the American Employers' Insurance Company, as Surety, did have a bond covering a location upon the NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 32-20N-31E., Harding County. This bond was cancelled November 17, 1937. The active bond list shows another well described as NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 31-20N-31E., for which there is a drilling bond with J. L. Head and W. A. Miller, principals, and Maryland Casualty Company, Surety. You, of course, are not one of the sureties in this bond. According to the records, I find no permit -- that is, an approved Notice of Intention to Drill -- either in the name of Dr. J. Wesley Head or the persons in the bond just named.

Inasmuch as Dr. J. Wesley Head holds no permit to drill in Harding County, you, of course, would not be entitled to plug any well.

Very truly yours,

Carl B. Livingston
Attorney

CBL:ik

cc - Mr. Frank Horn.

J. WESLEY HEAD, M. D.
110 EAST FIFTH STREET
BORGER, TEXAS

MAY 23 1 08 PM '40

SANTA FE, N.M.

May 21, 1940.

New Mexico Land Dept.
Santa Fe, New Mexico.

Attention Oil and Gas Division

Gentlemen:

Some three weeks ago I wrote you in regard to a oil gas well in Harding County, New Mexico, for which I have up a bond for the drilling with the Maryland Casualty Co., Baltimore, Maryland.

As I stated in my previous letter that I had no connection with this well and have not had for two years or more. The well is shut in and has never produced anything from the time it was drilled in, on October 6, 1938.

I am asking you in this letter to send me a blank application for a permit to plug this well, as it is my purpose to have the well plugged. As it stands, it is of no value to me or anyone else. All the interest in the lease upon which the well has been located has been taken from me and no production has ever been taken from the well.

Please send me all necessary blanks to fill out for the plugging of the well.

Yours very truly,



J. Wesley Head, M.D.

J.WH:mp

ILLEGIBLE

May 24, 1940

Mr. J. J. Donnelly
Colorado-Mex Gas Company
Canon City, Colorado

Re: Carbon Dioxide Well, NE1/4NE4 (sometimes de-
scribed as NE1/4NW4), sec. 31-20N-31E., Harding
County.

Dear Mr. Donnelly:

You have overlooked supplying a bond on the above captioned well. Enclosed please find Bond Form 39-B1, which requires a corporate surety. The bond is to be written in the sum of \$5,000.00.

The bond as required by the Commission is not merely to cover drilling operations, but to cover the completed well to assure its care, in point of conservation, up and until it has approved abandonment.

Very truly yours,

OIL CONSERVATION COMMISSION

by _____
Carl B. Livingston
Attorney

CBL:ik
Enc.
cc - Florence, Colorado

P. S. Inasmuch as there seems to be some variance in the description of the well location in question, please correctly name the description in your bond.

C.B.L.

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April 24, 1940

C
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Dr. J. Wesley Head
110 East Fifth Street
Berger, Texas

Dear Dr. Head:

Reference is made to your letter of April 22.

Your letter is too general in nature to give you a specific answer. You do not mention any definite well by location in order that the matter may be looked up. I do note in the records a well described as the NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 32-20N-31E., for which there was a drilling bond with Head & Miller (Dr. J. W. Head and W. A. Miller) as principals and American Employers Insurance Co. as surety. This bond was cancelled November 17, 1937.

The active bond list shows another well described as NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 31-20N-31E., for which there is a drilling bond with J. L. Head and W. A. Miller, principals, and Maryland Casualty Company, Surety. You, of course, are not one of the sureties in this bond.

A drilling bond remains in force until final approved abandonment of the well which it covers, or unless a new bond is substituted to take the former bond's place.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik

J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS

RECEIVED
STATE LAND OFFICE

APR 24 8 42 AM '40

SANTA FE, N. M.

Land Department
Santa Fe, New Mexico.

Attention: Oil and Gas Division

Gentlemen:

By referring to your records, you will see that I took out a drilling permit in drilling a gas well in Harding, New Mexico in 1936.

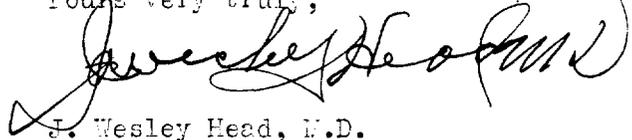
This letter is for the purpose of seeking information concerning the bond which was made through the Maryland Casualty Company in connection with the drilling of the above mentioned well.

✓ This well was taken over and away from me and from under my supervision more than two years ago. I have had absolutely no connection with this well, under the ruling of the court, and nothing whatsoever to do with the well and I have not seen the well or been about it for more than two years.

✓ The well was taken over and away from me, together with all the management connected therewith, by Judge Locke of Canon City, Colorado, and his associates.

Now my purpose in writing this letter to the land office is to ascertain from you and the department what steps I should take to relieve myself of this bond obligation, as I am not permitted to comply with the rules and regulations of your department, under the order of the court, so please advise me by return mail what steps I should take in this matter.

Yours very truly,


J. Wesley Head, M.D.

JWH:mp

ILLEGIBLE

J. R. Head & W. A. Melis
April 22, 1940.

in & no 31-20N-31E

~~*J. R. Melis*~~

October 28, 1938

Maryland Casualty Company
Baltimore, Md.

ATTENTION: Mr. L. C. Morgan

Re: \$2000.00 drilling bond with J.L. Head
and W. A. Miller, Principal, and
Maryland Casualty Co., surety, for
one well upon NE-NW 31-20N-31E.

Gentlemen:

In reply to your inquiry of October 24, the above
designated well was completed as a commercial well,
and of course is not ready for abandonment. The
bond remains in force until final approved abandon-
ment, which means proper plugging.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston
Attorney

CEB:m

ILLEGIBLE

MARYLAND CASUALTY COMPANY

SILLIMAN EVANS, CHAIRMAN OF THE BOARD
EDWARD J. BOND, JR., PRESIDENT

BALTIMORE

AUDITING DIVISION

G. MURRAY SEAL, AUDITOR

GEORGE W. ESER, ASSISTANT AUDITOR

100-1-1938

October 24, 1938

The New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention: Mr. Carl E. Livingston, Attorney

Gentlemen:

\$2000 Drilling Bond with J. I. Head and
W. A. Miller, principal, and MARYLAND
CASUALTY COMPANY, surety, for one well
upon NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E

We have your letter of April 19, 1938 in regard to the above captioned bond together with a carbon copy of Mr. Head's letter dated May 31, 1938. Since then we have been endeavoring to straighten this matter out with Mr. Head but we have written numerous letters to him and up to the present time we have not received a reply. At this time we would appreciate it if you will let us know what is the present status of our bond so that we can determine just how to proceed with the collection of the premium due or to secure the release on our bond.

Any cooperation you may be able to give us in this matter will be greatly appreciated and we hoped that we would hear from you at your earliest convenience.

Yours very truly,

Auditing Division

By

L. C. Morgan
L. C. Morgan

January 30, 1939

Panhandle Insurance Agency
Borger, Texas

Re: \$2000. Drilling Bond, H. L. Head
and W. A. Miller, principals, with
Maryland Casualty Co., Surety, for
one well upon NE-NW $\frac{1}{4}$, 31-20 N.-31 E.

ATTENTION: Mr. Ely E. Fonville.

Gentlemen:

In response to your letter of January 28 wherein you state you wish a copy of the bond noted in the caption, if it is a copy you desire, it can only be copied by the photostat machine, for which there is a certain charge. I surmise, however, you wish a bond form. Enclosed is bond form 39-B1 for one well. This is the form now being used, but not the form as was used in the bond noted in the caption.

If you desire an actual copy, an estimate will be made for photostating and you will be advised to remit for the amount in order that the photostat may be made.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl E. Livingston
Attorney

CBL:ik

IF IT IS INSURABLE WE WILL INSURE IT

OFFICES AT
AMARILLO
BORGER
PAMPA



AGENCY PERSONNEL
R. EARL O'KEEFE
S. WAYNE O'KEEFE
J. B. BOURLAND
W. A. MEYER
PAUL A. POTTER
FARRIS C. ODEN
ELY E. FONVILLE
ALVIN BELL
FRED FYFE
H. BRIAN HOOKS

Borger, Texas
January 28, 1939.

Conservation Department,
Santa Fe, New Mexico.

RE: BOND NO. 64939, -C, J. L. Head and W. A. Miller.

Gentlemen:

We believe that sometime back the above numbered bond was executed and filed with your department in connection with an oil well located in Harding County, New Mexico.

We ask that if this is possible that you please forward us a copy of the bond as filed with you. Thanking you for this favor, we remain,

Yours very truly,

PANHANDLE INSURANCE AGENCY

BY *Ely E. Fonville*
ELY E. FONVILLE

EEF:LHE

December 14, 1938

Mr. John H. Holley
Swink, Colorado

Re: \$2000.00 Drilling bond with J. L.
Head and W. A. Miller, Prin. Mary-
Land Casualty Co. of Baltimore,
Surety, for one well upon NE $\frac{1}{4}$ NW $\frac{1}{4}$
31-20N-31E.

Dear Mr. Holley:

The enclosed carbon copy of letter addressed to Dr. J.
Wesley Head, dated December 7, with regard to the above
captioned bond is self-explanatory.

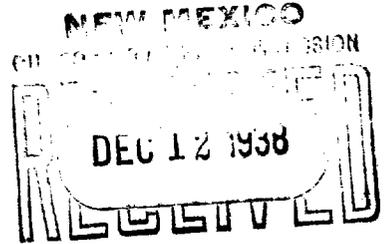
Very truly yours,

OIL CONSERVATION COMMISSION

By Carl E. Livingston
Attorney

CBL:m
enc.

December 10, 1938



Mr. John H. Holley
Swink, Colorado

My dear Mr. Holley:

Re: Drilling bond, \$2000.00, J. L.
Head and W. A. Miller, Prins.,
Maryland Casualty Company of
Baltimore, Surety, for one well
upon NE $\frac{1}{4}$ NW $\frac{1}{4}$, 31 - 20N - 31E.

I am in receipt of a letter from the Maryland Casualty Company of Baltimore, Maryland, with whom I made a drilling bond for the Head-Miller Well, as above described, in Harding County, New Mexico, demanding a premium now due on the bond. I notified the Oil Conservation Commission of Santa Fe, New Mexico, that insofar as I am concerned, that I had abandoned the well and purpose to ask the Conservation Commission for an order to plug same, unless I am released of this bond immediately. This bond is in the amount of \$2000.00 and must be replaced immediately with a corporate surety bond in the amount of \$5000.00 if the well is to remain open as it now is.

I suggest that you write the Oil Conservation Commission and ask them for a blank bond form, No. 39 - B1, which they will send you, in order that you may replace the bond without any interference insofar as the well is concerned.

A \$2000.00 bond was all that was required in 1937 for a 1500 ft. well, but the law has been changed since that time. One having a hole of 1500 ft. or more must make a bond in the sum of \$5000.00, with corporate surety.

I trust that you will have this matter attended to and notify me immediately so that it will not be necessary for me to take further steps in order to get relieved from this bond.

With best regards, I am

JWH:mm

Enclosures (1)
CC: Oil Conservation Commission
Maryland Casualty Company

Sincerely,
J. Wesley Head, M. D.

December 7, 1938

Dr. J. Wesley Head
115 East Fifth Street
Borger, Texas

Re: \$2000. Drilling bond with J. L. Head and
W.A.Killer, Prins., Maryland Casualty Co.
of Baltimore, Surety, for one well upon
NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E.

Dear Dr. Head:

In response to your letter of December 5, the above designated drilling bond runs until approved abandonment, whenever that may be. It is understood that the well in question has production and is likely to continue in this status for an indeterminate period.

In that you state that ownership has changed, naturally you do not wish to continue with the bond. The bond may be immediately released upon a new principal, with corporate surety, substituting a satisfactory drilling bond.

The present requirements of drilling bonds are not the same as they were when you obtained yours, early in 1937. All bonds for wells over 1500 feet deep must be bonded for \$5000.00, with corporate surety. The well in question, according to our records, is 2050 feet deep.

Enclosed herewith you will find bond form 39-B1, which your successor in interest may supply.

Very truly yours,

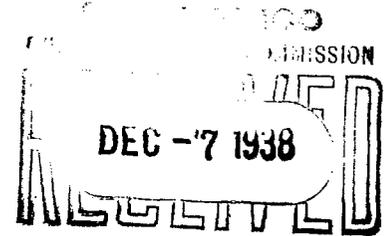
OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:m

J. W. Head
 115 EAST FIFTH STREET
 BORGER, TEXAS

December 5, 1938



Oil Conservation Commission
 Santa Fe,
 New Mexico

Gentlemen:

I am writing this for the purpose of making inquiry as to my status in the matter of the Maryland Casualty Company Bond, insofar as the Head-Miller Well in Harding County, New Mexico is concerned. Through legal proceedings held in Clayton, New Mexico, Mr. Miller and myself lost control of the well to John P. Healy and L. M. Appel and other interest holders in Colorado. As Mr. Miller and myself have no connection with the well, I am desirous of getting the responsibility shifted to the parties who have control at this time and have them pay the premiums on the bond.

I wrote the Maryland Casualty Company in this connection and am enclosing herewith a copy of their letter. You will please advise me by return mail what steps I will have to take in order to get this bond transferred to the owner and operator of the well as it is not just and right for me to pay this and be held responsible to the State for something I would not have any control of.

Trusting that you give this matter your prompt attention and advise me by return mail just how to handle this matter, I remain

Sincerely,

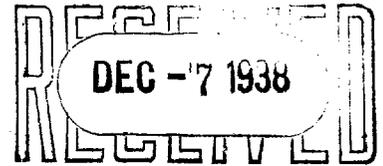
JWH:mm

J. Wesley Head, M. D.

Enclosure (2)

MARYLAND CASUALTY COMPANY
Sillman Evans, President
BALTIMORE

NEW MEXICO
OIL CONSERVATION COMMISSION



December 1, 1938

Dr. J. Wesley Head
115 East Fifth Street
Borger, Texas

Dear Sir:

64939-F&S
J. L. Head and W. A. Miller
Fort Worth, Texas

Your letter of November 25 addressed to our Auditing Department has been referred to the writer and as you of course understand at the time this bond was executed the premium charge was to be paid to our agent, T. W. Scales & Company, until such time as were furnished with a release terminating our liability under the above captioned bond.

According to our records this \$2000.00 oil well drilling permit bond in favor of the State of New Mexico is still in full force and effect as we have not been furnished with cancellation evidence from the State of New Mexico.

We would therefore request that if our liability has terminated that you furnish us with the necessary cancellation evidence from the State of New Mexico that will enable us to terminate our liability.

In the meantime we wish to advise you that the \$20.00 premium charge which became due on March 31 is of course due us and the premiums should be paid until such time as we are furnished with the release terminating our liability from the State of New Mexico.

Yours very truly,

Contract Department

By:

J. J. Monaghan

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CC: T. W. Scales Company
CC: Auditing Division, Home Office

December 4th, 1937

Mr. James T. Locke,
Harrison Building,
Canon City, Colorado

Dear Sir:

The derrick over the Head and Miller well may be removed at any time.

It is not necessary to have the derrick when we take bottom hole pressures. I personally visited the well recently and it has the proper fittings as required by the Oil Conservation Commission. In one of my previous letters to you I informed you that Mr. Robert Petitt, one of the State Oil and Gas Inspectors, was present when the well was tested for a satisfactory cement job and he approved of the job.

Very truly yours,

Acting State Geologist.

AA/11

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLO.

Dec. 1, 1937.

Mr. A. Andreas,
Acting State Geologist,
Santa Fe, New Mexico.

Dear Sir:

I have your letter of November 30th in the matter of the bottom hole pressure and surveys of the Miller and Head well near Hueyeros, New Mexico.

You say that it is not necessary to have this test made immediately because the gas is not being developed commercially. But I understand if you make a bottom hole test you must have the use of the derrick, and I have previously stated that I am holding the derrick for that test to be made.

If you will not need the derrick in the future to test the bottom hole pressures and surveys and whatever other tests you may need to make, and have no immediate occasion for making any test whatever, please advise me and advise that the derrick is released and will not be needed.

I hope to hear from you promptly because the matter is really urgent. If the derrick is needed to make any test the state expects to make of this well, then the state should do it now because it is unreasonable to require us to hold the derrick there to save the state the expense of sending a man from the Hobbs field to make the examination of this particular well.

Has the state accepted this well as being properly cemented? If not, might the derrick be needed for that examination?

Yours truly,

James T. Locke

JTL/EMW

ILLEGIBLE