

OIL CONSERVATION DIVISION
FELKER & ISH, P. A. RECEIVED
ATTORNEYS AT LAW

RANDOLPH B. FELKER
MARK L. ISH
SCOTT P. HATCHER
CAROL J. RITCHIE
JAMES P. SULLIVAN
MARIANA GRISWOLD GEER

911 OLD PECOS TRAIL
SANTA FE, NEW MEXICO 87501

November 30, 1989

TELEPHONE
(505) 988-4483
FAX
(505) 983-4876

Roy Johnson
Senior Petroleum Geologist
N. M. State Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Re: Chappell Spade Ranch, San Miguel County,
New Mexico and Ingram Drilling

Dear Mr. Johnson:

This law firm represents Chappell Spade Ranch. I have a copy of a letter dated November 2, 1989 addressed to you from Martin J. Davidson. As you know, Tom Ingram drilled two dry holes on the Chappell Spade Ranch under an agreement with Martin J. Davidson, who was the lessee of the Chappell Spade Ranch in Tucumcari in 1987 and 1988. I have spoken with Martin Davidson and have been informed that operations were shut down January 22, 1988 and that no further work has been undertaken at the two sites.

You have apparently been in frequent contact with Mr. Davidson who has requested your assistance in requiring that Tom Ingram plug, abandon and clean up the two dry holes on the Chappell Spade Ranch. You apparently informed Mr. Davidson that you had been in touch with Mr. Ingram, and that Mr. Ingram claims to have contracted with a pulling rig outfit to perform the necessary work. Notwithstanding these assurances, however, no work has been done on the Chappell Spade Ranch and this firm has been engaged to take the necessary legal steps to assure that the wells are capped and that the area is cleaned and reclaimed. I have also been requested to take the necessary steps to persuade the Oil Conservation Division to act in this matter, and to seek the forfeiture of the bond which has been posted by Tom Ingram, if necessary.

Before commencing any legal action, I had hoped to speak with you about the situation and to ascertain what steps the Division is prepared to undertake to assist my client. I would appreciate if you would call me upon your return to the office on Monday, December 4, 1989.

Pursuant to the provisions of Section 70-2-14 NMSA, the Oil Conservation Division required Tom Ingram to post a bond,