



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

March 8, 2004

Ms. Dee Ann Carlisle

Administrator

J.C. Williamson

P.O. Box 16

Midland, TX 79702

Re: EXX Federal Well No. 1**API No. 30-015-25994****Eddy County, NM**

RECEIVED

APR 01 2004

OCD-ARTESIA

Dear Ms. Carlisle:

We received your FAX of March 8. In lieu of the relinquishment executed by Siete attached to that FAX, it would seem that J.C. Williamson should be allowed to assume operations without requiring anything further from Siete or its successors. I would suggest that simultaneous Change of Operator forms be file, changing this well from Siete to J.C. Williamson and from Williamson to SMLE. A copy of Siete's disclaimer should be attached.

By copy of this letter, I am advising our Artesia district office concerning this matter.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks

Assistant General Counsel

cc. Tim Gum, OCD Artesia
w/ copies of prior correspondence

February 20, 2004

Mr. David Brooks
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: EXX Federal 1
API No. 30-015-25994
Eddy County, NM

RECEIVED

APR 01 2004

OCD-ARTESIA

Dear Mr. Brooks:

J. C. Williamson (Williamson) originally permitted the captioned well in July 1988. This permit was approved by the BLM in October 1988. The well spudded October 24, 1988, but encountered hole problems at 2567 feet. Williamson was unable to drill deeper.

In July of 1990 Siete Oil & Gas Corporation (Siete) took over as operator of the well and used it as a water source well for drilling purposes. Siete remains operator of record since that time.

Effective January 1, 1996, St. Mary Land & Exploration Company (SMLE) purchased most, but not all, of the properties owned by Siete. However, the EXX Federal 1 was not included on the Assignment and Bill of Sale into SMLE. Sometime after SMLE's purchase of many of Siete's assets, Siete was dissolved. That corporation is now defunct.

In July 1997 SMLE acquired the right to use the well from J.C. Williamson as a water source well. The BLM has also recognized J.C. Williamson as the current operator and recently notified this company with regard to certain routine maintenance matters that required attention. J.C. Williamson acted to correct these items as though it were operator of record.

SMLE has now approached J.C. Williamson to purchase this wellbore, and an Assignment and Bill of Sale has been drawn up effective March 1, 2004 for SMLE to purchase this wellbore and take over as operator of the well. While attempting to prepare the Change of Operator form, the OCD advised that Siete is still operator of record.

Please advise what action needs to be taken to correct the records so that SMLE can take over operations of this well.

We appreciate your assistance in clarifying this situation.

Very truly yours,
J.C. Williamson

Dee Ann Carlisle
Administrator

**SIETE OIL & GAS CORPORATION**

Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202, USA
Telephone (505) 622-2202
FAX (505) 622-2297

November 6, 1990

*Syme, you think this
would help any?
DEE ANN*

Mr. J. C. Williamson
P. O. Box 16
Midland, TX 79702

RECEIVED

APR 01 2004

OCD-ARTESIA

Re: Huron Federal No. 1
Township 20 South, Range 29 East, NMPM
Section 15: SW $\frac{1}{4}$

Dear Mr. Williamson:

Please accept this letter as notification that Siete hereby relinquishes any rights that Siete might have in the above described lands. Siete has drilled and abandoned the Huron Federal No. 1 and are of the opinion that any rights to earn under the Exxon Farmout have expired.

Should you have any questions or require any additional information, please do not hesitate to call.

Very truly yours,

SIETE OIL & GAS CORPORATION


GENE SHUMATE
Vice President Land

GS/kh



TO Lynne

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

March 1, 2004

Ms. Dee Ann Carlisle
J.C. Williamson
P.O. Box 16
Midland, TX 79701

Re: **EXX Federal Well No. 1**
API No. 30-015-25994
Eddy County, NM

RECEIVED

APR 01 2004

OCD-ARTESIA

Dear Ms. Carlisle:

We are in receipt of your letter of February 20 regarding the referenced well.

In order to address this request, we will need some additional information. As stated in your letter, it would seem that Williamson transferred this well to Siete Oil & Gas, which was subsequently dissolved. It does not explain how ownership of the well reverted back to J.C. Williamson, instead of to Siete's stockholders or creditors. We will need an explanation of the source of Williamson's ownership before we can proceed further in this matter.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks
Assistant General Counsel