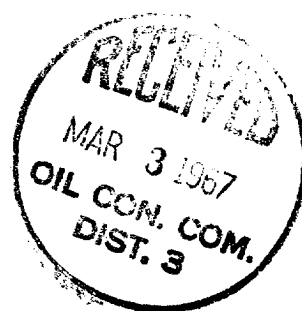


March 1, 1967



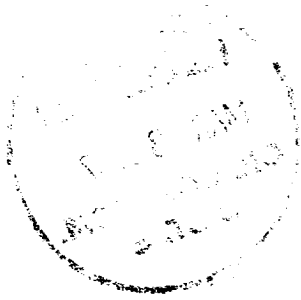
Mr. W. P. Kearns, Jr.  
Attorney-At-Law  
P. O. Box 907  
Grants, New Mexico 87020

Re: Santa Fe "B" Well No. 1  
McKinley County, New Mexico -  
Mr. Buck Willcoxson

Dear Mr. Kearns:

Your letter of February 1, 1967, has been referred to this department for reply. We have reviewed your letter and our entire file on the matter referred to therein and can state that Tidewater Oil Company too is willing to live up to the original agreement with Mr. Willcoxson as we understood it, that being, that we would turn the hole with the casing therein over to Mr. Willcoxson for his conversion to a water well provided such procedure meets with the approval of the New Mexico Oil Conservation Commission. Without attempting to litigate by letter any matters which may be in issue between us and without attempting to cast any derogatory implications toward anyone involved in the situation, we simply observe that it appears that Mr. Willcoxson on the one hand and Messrs. Wade and Jones of this company on the other hand had different understandings of the agreement. Without either party admitting any liability or responsibility to the other and without making any admissions to the other, but in attempt to compromise and dispose of this controversy without further delay, we propose the following:

- 1) That Mr. Willcoxson complete and return to us, with his acceptance hereof, the Affidavit and the Form C-103 which Mr. Wade forwarded to him with a transmittal letter of May 5, 1966, and that Mr. Willcoxson, at his sole cost, risk and expense, either convert the well in question to a water well or plug and abandon it to the satisfaction of the New Mexico Oil Conservation Commission within 30 days from acceptance of this letter.



2) That Mr. Willcoxson furnish to us within 30 days from acceptance hereof a letter from the New Mexico Oil Conservation Commission showing that the well in question has been either converted to a water well or plugged and abandoned to the satisfaction of the Commission.

3) Upon Mr. Willcoxson returning to us the properly signed and notarized Form C-103 and the Affidavit as aforementioned and upon his furnishing to us a letter from the New Mexico Oil Conservation Commission stating that the well in question has been either converted to a water well or plugged and abandoned to the satisfaction of that Commission within 30 days from date of acceptance hereof, we will pay to Mr. Willcoxson the sum of \$2,370.00.

4) Any prior agreements between the parties hereto relative to the subject well are hereby merged into this settlement agreement.

In reference to the \$2,370.00 figure set forth above, \$2,170.00 thereof represents our estimated cost of plugging and abandoning the well if we have to do so and \$200.00 of the figure represents the amount of surface damages which we have paid to other surface owners on Santa Fe lands in the same general area in connection with drilling of wells on those lands.

We, of course, have no alternative but to comply with the terms of the Oil and Gas Lease which we hold and the rules and regulations of the New Mexico Oil Conservation Commission in reference to the subject well and plug such well in event Mr. Willcoxson does not desire to take the well over and convert it to a water well. We do not consider that we will be committing a trespass by so doing. Accordingly, should he fail to accept this proposal within 12 days after receipt hereof, then we have no alternative but to, and it is our intent to, move back onto the well and plug and abandon it in accordance with the rules and regulations of the New Mexico Oil Conservation Commission. If Mr. Willcoxson is agreeable to disposing of this matter in accordance with the proposal herein set forth, please have him return directly to the writer one accepted copy of this letter within 12 days after receipt hereof.

This appears to us to be an expeditious and feasible



way of disposing of this matter for both parties. We sincerely hope that Mr. Willcoxson will find this proposal acceptable.

Very truly yours,

Original  
CLOY D. MONZINGO

CLOY D. MONZINGO

CDM:yc  
AIRMAIL - CERTIFIED RRR

CC: Mr. George Hatch  
Assistant Attorney General  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Mr. Emery C. Arnold  
Oil Conservation Commission  
1000 Rio Brazos Road  
Aztec, New Mexico

AGGREGED TO AND ACCEPTED  
this \_\_\_\_\_ day of \_\_\_\_\_,  
1967.

Buck Willcoxson

BCC: Messrs. H. E. Berg - Building  
R. H. Coe - Midland  
C. L. Wade - Hobbs, N. M.  
Ben C. Jones - Durango

