

No. 624819

# RECEIPT FOR CERTIFIED MAIL

SENT TO <i>Fairfax Exploration, Inc.</i>		POSTMARK OR DATE
STREET AND NO. <i>301-B Graceland, S.E.</i>		
P.O., STATE AND ZIP CODE <i>Albuquerque 80108</i>		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	<input checked="" type="checkbox"/> 1. Shows to whom and date delivered .....	CONSULT POSTMASTER FOR FEES
	With restricted delivery .....	
	<input checked="" type="checkbox"/> 2. Shows to whom, date and where delivered .....	
	With restricted delivery .....	
RESTRICTED DELIVERY .....		
SPECIAL DELIVERY (extra fee required) .....		

PS Form  
Jan. 1976 3800

NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL

(See other side)

☆ GPO: 1975-O-591-452



BRIJCE KING  
GOVERNOR

LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

September 26, 1979

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Gene D. Wilson  
Fairfax Exploration, Inc.  
301-B Graceland, S. E.  
Albuquerque, New Mexico 87108

Re: Fairfax Exploration, Inc.  
Bullseye #8  
D-19-16N-9W  
McKinley County

Dear Mr. Wilson:

Your recent application to ream the subject well is hereby denied.

The Permit to Drill, Form C-101, approved January 20, 1978, was cancelled in May of 1978 because of lack of reports indicating the well to have been spud prior to the expiration date of April 20, 1978, as shown on your copy of Form C-101.

If the well has been drilled as indicated on the recent Form C-101 all drilling, casing and logging reports are now delinquent.

File form C-103 showing spud date, casing record and test; form C-105, and one copy of each wireline log run with this office by return mail.

Further violation of the Rules and Regulations will subject Fairfax Exploration, Inc. to the penalty provided in Section 65-3-17 of the New Mexico Statutes Annotated, 1953 compilation (see copy attached).

If there are questions contact this office.

Yours very truly,

*A. R. Kendrick*  
A. R. Kendrick  
Supervisor, District #3

ARK:mc

Attach.  
xc: Oil Conservation Division  
Santa Fe, New Mexico

Reading File

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OPERATOR	

# NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101  
Revised 1-1-65

5A. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.
7. Unit Agreement Name
8. Farm or Lease Name Bullseye
9. Well No. 8
10. Field and Pool, or Wildcat Marcelina-Gallup
12. County McKinley
19. Proposed Depth 900
19A. Formation Hospah-Gallup
20. Rotary or C.T. Rotary
21. Elevations (Show whether DF, RT, etc.) 7188 GR
21A. Kind & Status Plug. Bond \$50,000 Blanket on file/White Exploration, Inc.
21B. Drilling Contractor Sept 17, 1979
22. Approx. Date Work will start -

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK			
1a. Type of Work DRILL <input type="checkbox"/> DEEPEN <input checked="" type="checkbox"/> PLUG BACK <input type="checkbox"/>			
b. Type of Well OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			
c. Name of Operator Fairfax Exploration, Inc.			
d. Address of Operator 301 E Graceland S.E. Albuquerque, New Mexico 87108			
e. Location of Well UNIT LETTER D LOCATED 330 FEET FROM THE North LINE 990 FEET FROM THE West LINE OF SEC. 19 TWP. 16N RSE. 9W NADIM			
19. Proposed Depth 900			
19A. Formation Hospah-Gallup			
20. Rotary or C.T. Rotary			
21. Elevations (Show whether DF, RT, etc.) 7188 GR			
21A. Kind & Status Plug. Bond \$50,000 Blanket on file/White Exploration, Inc.			
21B. Drilling Contractor Sept 17, 1979			
22. Approx. Date Work will start -			

23. PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/2"	10 3/4"	40.5#	60'	Cemented to surface	
7 7/8"	5 1/2"	14.5#	900'	Cement to surface	

Well was drilled to depth of 782 ft. with 6 3/4" bit but not cased.  
Propose to ream hole to 7 7/8" and deepen to 900 ft. to complete well as a Hospah-Gallup oil well.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

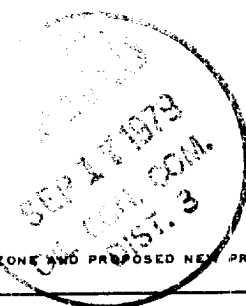
Signed Eric P. Wilson Title President Date Sept. 13, 1979

(This space for State Use)

APPROVED BY Not approved DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

Drilled without a permit



connected in the pool and other gas lawfully produced within the pool and tendered to a point on its gas transportation facilities. Such purchases shall be made without unreasonable discrimination in favor of one producer against another in the price paid, the quantities purchased, the basis of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells. In the event any such person is likewise a producer, he is prohibited to the same extent from discriminating in favor of himself on production from gas wells in which he has an interest, direct or indirect, as against other production from gas wells in the same pool. For the purpose of this act reasonable differences in prices paid or facilities afforded, or both, shall not constitute unreasonable discrimination if such differences bear a fair relationship for differences in quality, quantity or pressure of the gas available or to the relative lengths of time during which such gas will be available to the purchaser. The provisions of this subsection shall not apply:

(1) to any wells or pools used for storage and withdrawal from storage of natural gas originally produced not in violation of this act or of the rules, regulations or orders of the division;

(2) to purchases of casing-head gas from oil wells; and

(3) to persons purchasing gas principally for use in the recovery or production of oil or gas.

E. Any common purchaser taking gas produced from gas wells from a common source of supply shall take ratably under such rules, regulations and orders, concerning quantity, as may be promulgated by the division consistent with this act. The division, in promulgating such rules, regulations and orders may consider the quality and the deliverability of the gas, the pressure of the gas at the point of delivery, acreage attributable to the well, market requirements in the case of unprorated pools, and other pertinent factors.

F. Nothing in this act shall be construed or applied to require, directly or indirectly, any person to purchase gas of a quality or under a pressure or under any other condition by reason of which such gas cannot be economically and satisfactorily used by such purchaser by means of his gas transportation facilities then in service.

**65-3-17. PENALTY FOR VIOLATIONS.**--Any person who violates any provision of this act or in any rules, regulation or order of the commission or the division made pursuant to this act shall, upon conviction, be fined not more than one thousand dollars (\$1,000) for each violation. Each day during which said violation is continued shall be considered a separate and complete offense for this purpose.

**65-3-18. PURCHASE, SALE OR HANDLING OF EXCESS OIL, NATURAL GAS OR PRODUCTS PROHIBITED.**--

A. The sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of crude petroleum oil or natural gas in whole or in part produced in excess of the amount allowed by any statute of this state, or by any provision of this act, or by any rule, regulation or order of the commission or division made thereunder, is hereby prohibited, and such oil or commodity is hereby referred to as "illegal oil" or "illegal gas", as the case may be.

B. The sale or purchase or acquisition, or the transportation, refining, processing or the handling in any other way, of any product of crude petroleum or any product of natural gas, which product is derived in whole or in part from crude petroleum oil or natural gas produced in whole or in part in excess of the amount allowed by any statute of this state, or by any provisions of this act, or by any rule, regulation or order of the commission or division made thereunder, is hereby prohibited, and each such commodity or product is herein referred to as "illegal oil product" to distinguish it from "legal oil product", or "illegal gas product" to distinguish it from "legal gas product."

**65-3-19. RULES AND REGULATIONS TO EFFECTUATE PROHIBITIONS AGAINST PURCHASE OR HANDLING OF EXCESS OIL OR NATURAL GAS--PENALTIES.**--

A. The division is specifically authorized and directed to make such rules, regulations and orders, and may provide for such certificates of clearance or tenders, as may be necessary to make effective the prohibitions contained in Section 65-3-18 NMSA 1953.

B. Unless and until the division provides for certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product, or illegal gas or illegal gas product, no penalty shall be imposed for the sale or purchase or acquisition, or the transportation, refining, processing, or handling in any other way, of illegal oil or illegal oil product, or illegal gas or illegal gas product, except under circumstances stated in the succeeding provisions of this paragraph. Penalties shall be imposed for the commission of each transaction prohibited in Section 65-3-18 NMSA 1953 when the person committing the same knows that illegal oil or illegal oil product, or illegal gas or illegal gas product, is involved in such transaction, or when such person could have known or determined such fact by the exercise of reasonable diligence or from facts within his knowledge. However, regardless of lack of actual notice or knowledge, penalties as provided in this act shall apply to any sale or purchase or acquisition, and to the transportation, refining, processing, or handling in any other way, of illegal oil or illegal oil product, or illegal gas or illegal gas product where