

**MacQuesten, Gail**

**From:** Chavez, Frank  
**Sent:** Thursday, April 08, 2004 8:54 AM  
**To:** MacQuesten, Gail  
**Subject:** FW: JC Well Service vs. Action



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This is a note from the BLM.

-----Original Message-----

From: Jim\_Lovato@nm.blm.gov [mailto:Jim\_Lovato@nm.blm.gov]  
Sent: Tuesday, March 02, 2004 10:11 AM  
To: Chavez, Frank  
Cc: Helen\_Mary\_Johnson@co.blm.gov  
Subject: Re: JC Well Service vs. Action

BEFORE EXAMINER <i>Stoqner</i> OIL CONSERVATION DIVISION
EXHIBIT NO. <u>16</u>
CASE NO. <u>13237</u>

Frank,  
Here is the position that BLM Farmington holds in the matter as it pertains to the Navajo Lands and Mineral estate:

- 1) No Change of Operator sundry notice filed with BLM; therefore the Operator of record is still Action Oil Company.
- 2) Lease Assignments from Action Oil Company to J.C. Well Service were executed in '98 but not filed with the BIA, Window Rock until December 2003. These assignments were returned to J.C. Well Service for necessary corrections and resubmittal. J.C. Well Service filed bonding with the BIA in December but no action has been taken until the corrected assignments are re-filed with the BIA. As such, BLM and BIA (Window Rock) continue to recognize Action Oil Company as legal and bonded operator of the Navajo properties.
- 3) Per discussion with Jim Walker, USEPA, the operator of record for the King Kong #20 (WIW) is Action Oil Company with J.C. Well Service as contact i.e. all correspondence and actions dealing with the day to day maintenance of the well are directed to J.C. Well Service. Action Oil Company still holds the EPA bond for the well.

As far as the Ute Mountain Utes are concerned, I spoke with Ken Young (Petroleum Engineer w/ the BIA representing the Ute Mountain Utes, Southern Utes and Jicarilla tribes). I gave him a copy of your e-mail and the attachment and he plans on attending the hearing. Similar to the Navajo lease's lack clear chain of title transfer, the Ute properties do not have officially recognized title for J.C. Well Service or Biya (Richard Baldwin). Assignments are also pending from J.C. Well Service to Biya. However, Ken tells me that Baldwin has done more on the Ute lease than any of its predecessors and the Utes are very supportive of him continuing operations. Ken has asked for a BIA Solicitor's opinion recognizing Biya as operator and record title holder without the clear chain of title transfer because of their performance on the property and the previous operator's lack of the same. Ken tells me that the Solicitor is reluctant to recognize Biya this way because of the legal ramifications. As such, the ownership question festers. BLM Durango has Action Oil Company as Operator of Record because there is no recognized transfer of title beyond

Action.

Please call if you have any questions. Thanks JL

"Chavez, Frank"  
<FTCHAVEZ@state.n  
<jim\_lovato@nm.blm.gov>  
m.us>  
<CPerrin@state.nm.us>, "MacQuesten, Gail"  
02/27/2004 04:16  
PM  
To: "'Lovato, Jim'"  
cc: "Perrin, Charlie"  
<GMacQuesten@state.nm.us>  
Subject: JC Well Service vs. Action

As you can see by these documents, this issue will be going to hearing.

Who  
do you consider the operator of the wells in this situation? What does the  
tribe or BIA say? Is it possible for OCD to recognize a different operator  
than you? Can you supply documentation or do you want to make some kind of  
appearance?

Maybe your solicitors need to talk to Gail McQuesten, our attorney.

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