

James E. Kirk
Attorney at Law
2607 Wyoming Boulevard, N.E.
Albuquerque, New Mexico 87112
Telephone 505-296-5690

June 21, 1978

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O. C. C.
ARIZONA, OFFICE

(Ms.) Lynn Teschendorf,
General Counsel
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Re: \$5,000 One-Well Plugging
Bond
Charles M. Goad, Principal
United States Fidelity and
Guaranty Company, Surety
Bond No. 7556
File Ref.: 01-0130-217-72

Dear Ms. Teschendorf:

I am writing this letter pursuant to our telephone conference of June 19, 1978.

This will confirm that Mr. Charles Goad plugged the subject well between June 8-12, 1978 and that the well was plugged in conformance with State requirements. Mr. Goad will be glad to furnish an affidavit to this effect.

Prior to starting work to plug the well, we had been in contact with several recognized plugging companies including Baber Well Servicing Company, Mr. Guy A. Baber, Jr., and Hobbs Pipe and Supply Company, Mr. Barry Antweil. Both of these companies contacted Mr. Bill Gressett and obtained the State's requirements from him. These requirements were set forth in letters addressed to me (April 20, 1978 from Hobbs Pipe and Supply Company and April 21, 1978 from Baber Well Servicing Company) as follows: The Commission will require that a total depth be established by running tubing as far as possible, then spot a 50 sack cement plug after filling the hole with mud. If no attempt is made to pull any 8-5/8" casing, a 35 sack plug would be spotted at 250', then a 15' surface plug with a dry - hole marker.

The well was plugged conforming to the foregoing requirements by Mr. Goad. Mr. Goad is a licensed general contractor and has had previous experience in drilling, completing and plugging wells.

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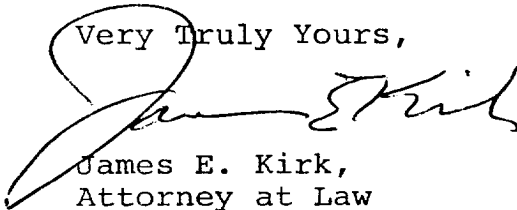
Because of personal circumstances, being in Colorado and recent open heart surgery undergone by Mr. Goad's wife, he was unable to take care of the plugging until the last minute, there being a deadline of June 15, 1978. Partly because of this and partly because of not understanding the formal requirements of the State, certain of the State's formal requirements were not complied with. This was not in any way intentional.

At the time that the well was plugged, Mr. Goad did not have a tractor available for the location clean up. However, he did make an arrangement with the foreman of S.E.A. Cattle Company, (where the well is located) to do the clean up work. This work should be completed reasonably promptly.

Under the foregoing circumstances, we earnestly request that the State waive the formal requirements that were not met in this instance. To require that the well be re-plugged would cause a severe hardship on Mr. Goad and be unfair to the Bonding Company. Accordingly, we would appreciate it very much if the plugging which was done be approved.

Thank you for your kind consideration in this matter.

Very Truly Yours,



James E. Kirk,
Attorney at Law

JEK/lh