

ARITEX DEVEL. #1 FEE STRAT
NE SE 6-17N-21E NAVAJO CO. 530

sl

COUNTY Navajo AREA 1/2 mi. E. Holbrook LEASE NO. Gerwitz Fee

WELL NAME ARITEX DEVELOPMENT CORPORATION #1 Fee Strat

LOCATION NE SE SEC 6 TWP 17N RANGE 21E FOOTAGE 4339.82' FWL 2942.82' FNL

ELEV 5077.60GR KB SPUD DATE 2-23-70 STATUS Completed TOTAL DEPTH 1100'
COMP. DATE 3-2-70

CONTRACTOR Jewell Adkison Drilling Co., Albuquerque, N.M.

CASING SIZE	DEPTH	CEMENT	LINER SIZE & DEPTH	DRILLED BY ROTARY	DRILLED BY CABLE TOOL	PRODUCTIVE RESERVOIR	INITIAL PRODUCTION
<u>9 5/8</u>	<u>140'</u>	<u>90 SK</u>		<u>x</u>			
<u>7</u>	<u>1026'</u>	<u>50 SK</u>					

FORMATION TOPS	DEPTHS	SOURCE		REMARKS
		L.L.	E.L.	
<u>Coconino</u>	<u>138'</u>	<u>x</u>		
<u>Supai</u>	<u>775'</u>			
<u>First Salt</u>	<u>1025'</u>			
<u>Bottom Salt</u>	<u>1062'</u>			
<u>Total Depth</u>	<u>1100'</u>			

ELECTRIC LOGS	PERFORATED INTERVALS	PROD. INTERVALS	SAMPLE LOG
<u>Caliper Log -2, Radio-activity-1, electric -1</u>	<u>NA</u>	<u>NA</u>	<u>x</u>
			<u>SAMPLE DESCRP. x</u>
			<u>SAMPLE NO. 1609*</u>
			<u>CORE ANALYSIS</u>
			<u>DSTs</u>
			<u>*Tuc. 2569</u>

REMARKS Pictures and drafting chart are in file #532.
See exhibits I & II in the manilla pocket #532

APP. TO PLUG x
 PLUGGING REP. x
 COMP. REPORT x

WATER WELL ACCEPTED BY _____

BOND CO. United States Fidelity & Guaranty BOND NO. 29-0130-109070
 DATE _____
 BOND AMT. \$ 5,000 CANCELLED 3-4-74 ORGANIZATION REPORT 3-2-70
 FILING RECEIPT 2864 LOC. PLAT x WELL BOOK x PLAT BOOK x
 API NO. 02-017-20003 DATE ISSUED 2-9-70 DEDICATION Strat

PERMIT NUMBER 530

WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG

DESIGNATE TYPE OF COMPLETION:

New Well Work-Over Deepen Plug Back Same Reservoir Different Reservoir Oil Gas Dry

DESCRIPTION OF WELL AND LEASE

Operator Aritex Development Corporation Address P. O. Box 187, Holbrook, Arizona

Federal, State or Indian Lease Number or name of lessor if fee lease Aritex Fee Strat Well Number No. 1 Field & Reservoir 86025

Location NE/4 of SE/4 County Navajo

Sec. TWP-Range or Block & Survey Section 6, T17N, R 21E

Date spudded 2/23/70 Date total depth reached 3/02/70 Date completed, ready to produce - Elevation (DF, REB, RT or Gr.) - feet Elevation of casing hd. flange 5,080 feet

Total depth 1,100 feet P.B.T.D. - Single, dual or triple completion? - If this is a dual or triple completion, furnish separate report for each completion.

Producing interval (s) for this completion - Rotary tools used (interval) Completely Cable tools used (interval) None

Was this well directionally drilled? No Was directional survey made? No Was copy of directional survey filed? No Date filed -

Type of electrical or other logs run (check logs filed with the commission) Radioactivity Date filed -

CASING RECORD

Casing (report all strings set in well—conductor, surface, intermediate, producing, etc.)

Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amt. pulled
Surface	13-1/4"	9-5/8"	32	140'	90	
-	8-3/4"	7"	20	1,026'	150	

TUBING RECORD

LINE RECORD

Size	Depth set	Packer set at	Size	Top	Bottom	Sacks cement	Screen (ft.)
4-1/2 in.	890 ft.	890 ft.	4 1/2 x 7 in.	ft.	ft.		

PERFORATION RECORD

ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD

Number per ft.	Size & type	Depth interval	Am't. & kind of material used	Depth interval

INITIAL PRODUCTION

Date of first production None Producing method (indicate if flowing, gas lift or pumping—if pumping, show size & type of pump):

Date of test - Hrs. tested - Choke size - Oil prod. during test - bbls. Gas prod. during test - MCF Water prod. during test - bbls. Oil gravity - ° API (Corr)

Tubing pressure - Casing pressure - Cal'd rate of Production per 24 hrs. - Oil - bbls. Gas - MCF Water - bbls. Gas-oil ratio -

Disposition of gas (state whether vented, used for fuel or sold): None

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the Aritex Development Corporation (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Date 6/15/71 Signature [Handwritten Signature]

RECEIVED

JUN 18 1971

Permit No. 530

O & G CONS. COMM.

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Well Completion or Recompletion Report and Well Log

Form No. 4

File One Copy

DETAIL OF FORMATIONS PENETRATED

Formation	Top	Bottom	Description*
Coconino	138'	775'	
Supai	775'		
First Salt	1,025'		
Bottom Salt	1,062'		
Total Depth	1,100'		

* Show all important zones of porosity, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

INSTRUCTIONS:

Attach drillers log or other acceptable log of well.

This Well Completion or Recompletion report well log shall be filed with the State of Arizona Oil and Gas Conservation Commission not later than thirty days after project completion.

PLUGGING RECORD

Operator Aritex Development Corporation		Address P. O. Box 36117, Houston, Texas 77036		
Federal, State, or Indian Lease Number, or lessor's name if fee lease. Aritex #1 Fee Strat		Well No. 1	Field & Reservoir None	
Location of Well NE/SE Section 6 T17N, R21E			Sec-Twp-Rge or Block & Survey	County Navajo
Application to drill this well was filed in name of Aritex	Has this well ever produced oil or gas No	Character of well at completion (initial production): Oil (bbls/day) Gas (MCF/day) Dry? - - yes		
Date plugged: July 24, 1973	Total depth 880'	Amount well producing when plugged: Oil (bbls/day) Gas (MCF/day) Water (bbls/day) - - -		
Name of each formation containing oil or gas. Indicate which formation open to well-bore at time of plugging	Fluid content of each formation	Depth interval of each formation	Size, kind & depth of plugs used. Indicate zones squeeze cemented, giving amount cement.	
None				

CASING RECORD

Size pipe	Put in well (ft.)	Pulled out (ft.)	Left in well (ft.)	Give depth and method of parting casing (shot, ripped, etc.)	Packers and shoes
7"	1000' ±	None	All		

Was well filled with mud-laden fluid, according to regulations? **Yes, cement**

Indicate deepest formation containing fresh water. **Approximately 700'**

NAMES AND ADDRESSES OF ADJACENT LEASE OPERATORS OR OWNERS OF THE SURFACE

Name	Address	Direction from this well:
None		

In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.

Completely Plugged

Use reverse side for additional detail.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the Aritex Development (company) and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Date August 2, 1973

Signature *[Signature]*

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O & G CONS. COMM.

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Plugging Record
File One Copy

Permit No. 530

Form No. 10

APPLICATION TO ABANDON AND PLUG

FIELD None

OPERATOR Aritex Development Corporation ADDRESS P. O. Box 36117, Houston, Texas 77036
 Federal, State, or Indian Lease Number
 or Lessor's Name if Fee Lease Aritex Fee Strat WELL NO. 1

LOCATION NE/SE Section 6 T17N R21E
Navajo County

TYPE OF WELL Strat Test, Dry TOTAL DEPTH 1100'
 (Oil, Gas or Dry Hole)

ALLOWABLE (If Assigned) None

LAST PRODUCTION TEST OIL None (Bbls.) WATER None (Bbls.)
 GAS None (MCF) DATE OF TEST None

PRODUCING HORIZON None PRODUCING FROM None TO None

1. COMPLETE CASING RECORD.

7" casing completely cemented from 1010' to surface. Had 4" tubing with Packer set at bottom of 4" @ 893'.

2. FULL DETAILS OF PROPOSED PLAN OF WORK.

Cannot get 4" loose from packer. Therefore, completed controlled explosion cut of 4" above packer. Pulled out 4", then inserted snug fitting 7" rubber sphere into 7" and poured about 5 yards of cement down hole which filled it to surface.

DATE COMMENCING OPERATIONS July 18, 1973

NAME OF PERSON DOING WORK Tom Martin ADDRESS P. O. Box 36117 - Houston

Signature [Signature]

Title President

Address P. O. Box 36117

Date Houston, Texas 77036

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AUG 01 1973

O & G CONS. COMM.

Date Approved 8-6-73

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION

By: [Signature]

Permit No. 530

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Application to Abandon and Plug
 File Two Copies

Form No. 9

January 20, 1972

Memo to Airtex Development #1 Fee Strat
NE/SE Section-6-17N-21E
Navajo County
File #530

Airtex Development #2 Fee Strat
SE/NE Section 6-17N-21E
Navajo County
Our File #532

Memo from W. E. Allen, Director
Enforcement Section

Air-Tex LPG Storage project was visited on January 18, 1972.
The gates entering the location was locked, and have been
for some time. The salt water ponds are all completely dry.
The phone number for Air-Tex as indicated on a sign at the
entrance to the location is no longer in service.

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Aritex Development Corporation
 2. OIL WELL GAS WELL OTHER (Specify) Brine Well
 3. Well Name Aritex #1 Fee Strat
 Location _____
 Sec. 6 Twp. 17N Rge. 21E County Navajo Arizona.
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease _____
Aritex
 5. Field or Pool Name None
 6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:			SUBSEQUENT REPORT OF:				
TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>	MONTHLY PROGRESS	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	DIRECTIONAL DRILL	<input type="checkbox"/>	FRACTURE TREATMENT	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	PERFORATE CASING	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>	(OTHER)	<input type="checkbox"/>	ABANDONMENT	<input type="checkbox"/>
(OTHER)	<input type="checkbox"/>			(OTHER)	<input type="checkbox"/>		

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

On May 7, 1971, a well log was run to try to find evidence of propane in well. No evidence was found and well was not altered.

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8. I hereby certify that the foregoing is true and correct.

Signed W. K. [Signature] Title President Date June 9, 1971

Permit No. 530

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Sundry Notices and Reports On Wells
 File Two Copies
 Form No. 25

March 8, 1971

Memo from W. E. Allen, Director
Enforcement Section

Memo to:	Aritex #1 Fee Strat	Aritex #2 Fee Strat
	NE/4 SE/4 Sec. 6-T17N-R21E	SE/4 NE/4 Sec. 6-T17N-R21E
	Navajo County	Navajo County
	Our File #530	Our File #532

Aritex has enlarged their reservoir to give it a storage capacity of 5,100,000 gallons. At the time I visited this location on February 25, they were awaiting a consultant from Tulsa to pressure test the reservoir.

September 8, 1970

Memo from W. E. Allen
Director-Enforcement Section

Memo to Aritex Development #1 Fee Strat
NE SE 6-T17N-R21E
Navajo County
Our File #530
and
Aritex Development #2 Fee Strat
SE NE 6-T17N-R21E
Navajo County
Our File #532

Called Tom Martin to inquire as to their present operations and also the extent of damage, if any, caused his operation by the recent torrential rains. Apparently, Aritex suffered no damage to their operation other than the loss of one small electric motor. Their evaporating pits withstood the rains in good ~~shape~~ shape. The roads have been completely washed out going to this location.

At the present time Mr. Martin is still awaiting orders as to just what procedure will be followed in recovering additional butane that has been injected into the formation.

August 17, 1970

Memo from W. E. Allen

Memo to Aritex Development #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

and

Aritex Development #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County
Our File #532

Called Tom Martin with Eagleton Engineering to determine the progress they were making in their operations. French Well Logging Service from Houston arrived on location on the 15th to run Density Logs in an effort to ~~xxx~~ pick the water-gas contact point in the storage reservoir. Ran log on the #1 well and perforated casing at the indicated water-gas contact point. Only a small amount of butane recovered. Ran log on the #2 well. Water-gas contact point indicated on log; however, the casing was not perforated. All logs were sent to Houston for interpretation by French Engineers, McCullough, Dowell, and Eagleton Engineers. After studying the logs, a decision will be reached as to what action to take.

There was a total of 240,000 gallons of butane injected into the reservoir initially and only 40,000 gallons recovered. Mr. Martin is of the opinion that there is a cavity around the casing in the #2 well that is holding all the ~~xx~~ unrecovered gas.

August 12, 1970

Memo from W. E. Allen

Memo to Aritex Development #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

and

Aritex Development #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County
Our File #532

Visited with Tom Martin and discussed this operation. The storage reservoir had been pressure tested for 50 hours. The tests proved O. K. LPG was then injected. The recovery of LPG proved disappointing. Martin thinks the gas is in the portion of the cavity that is above the casing and will remain as dead storage. To prove this assumption, a Density Log will be run to establish the gas-water contact and then the casing will be perforated above this contact point and the gas will be displaced. A logging unit is being sent from Houston, Texas, to run the logs. They are expected on location sometime Saturday, August 15, 1970.

I informed Martin that we would require Form 24, Transporter's and Storer's Monthly Report, to be filed on their operations each month. I had one copy of the report with me which I left with Martin. He requested that a supply of these forms be sent to Houston. Eagleton Engineering will file the reports for the first few months of operation.

July 15, 1970

Memo from W. E. Allen

Memo to Aritex Development #1 Fee Strat
NE SE Sec. 6-T17N-R21E
Navajo County
Our File #530

and

Aritex Development #2 Fee Strat
SE NE Sec. 6-T17N-R21E
Navajo County
Our File #532

Jim Scurlock and I visited the Aritex location. We discussed this operation in detail with Tom Martin of Aritex. Aritex is waiting for an electrician to connect the pump that will keep the suction on their main LPG injection pump charged. When this pump is installed, the hydrostatic pressure on the reservoir will be checked. If the pressure stabilizes, which Tom is sure it will, they will inject LPG for a trial run. If everything proves O.K., following testing they will start storing LPG for Suburban Gas Company.

Aritex is attempting to acquire more land immediately west and south of their present site for space and a railroad siding.

Mr. Martin assured us that he would keep us informed. Their entire location was clean and all equipment freshly painted.

206 CENTURY BLDG.

OFFICE 247-0025
RESIDENCE 247-3190

ROBERT E. LAUTH
GEOLOGICAL CONSULTANT
P. O. BOX 776
DURANGO, COLORADO
81301

ARITEX DEVELOPMENT CORP.
HOLBROOK-PROPANE STORAGE WELL
NAVAJO COUNTY, ARIZONA

COMPLETION REPORT

WELL AND LOCATION: No. 1 Fee-Strat
Section 6, Township 17 North, Range 21 East
4340 feet from West line
2943 feet from North line

ELEVATION: Ground: 5077.6 feet

CONTRACTOR: Jewell Adkison Drilling Co.
Albuquerque, New Mexico

COMMENCED: February 23, 1970

DRILLING COMPLETED: March 2, 1970

TOTAL DEPTH: Driller: 1100 feet
Welax: 1101½ feet

CASING: 9 5/8" @ 140 feet with 90 sacks regular cement
7" @ 1026 feet with 150 sacks plus 2% Gel.

LOGGING: Samples: Bagged: 145 to 1100 feet
Described: 145 to 1100 feet
Disposition of Samples: Four Corners Sample Cut
641 West Broadway
Farmington, New Mexico

Drilling time (5-foot stick) 150 - 1100 feet

Mechanical Log (Welax)

Radioactivity Log	10 - 1101
Caliper Log	50 - 190
	700 - 1101

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FORMATIONS:

<u>FORMATION</u>	<u>LOG TOP</u>	<u>LOG DATUM</u>
<u>PERMIAN</u>		
Coconino ss.	138'	(+) 4940
Supai	775'	(+) 4303
First Salt Bed, Top:	1025'	(+) 4053
First Salt Bed, Base:	1062'	(+) 4016
TOTAL DEPTH	1100'	

DEVIATION RECORD:

TOTCO-SURVEY 625' - ½°
925' - ¼°

BIT RECORD:

Surface hole to 140 feet 12K" Bit
Rest 8K" Chicago-Pneumatic Bit Co.
140 - 375' EH-1 - 235 feet
375 - 625' EMIVG - 250 feet
625 - 922' EMIVG - 297 feet
922 - 1100' EMIVG - 178 feet

DRILLING:

No major or serious drilling problems were encountered. Some hole troubles due to river gravels caving in from behind the surface pipe accounted for some loss of time and damage to the drill pipe. This repeated caving was one of the major factors for the decision of not to core the salt section.

The hole was drilled with a fresh water gel-chem, 6% diesel mud to a depth of 990 feet. Lost circulation of much drilling fluids started at 695 feet and occurred spasmodically to total depth. From 990 feet to total depth an oil base (diesel 33%) gel-chem mud was used. Water loss was high. The water-oil was not emulsified so the salt zone was washed out and all salt samples went into solution.

At total depth a high viscosity mud with a tough filter cake was maintained and no difficulties were encountered while running logs and 7 inch casing.

REMARKS:

The Aritex Development Corp. No. 1 Fee-Strat well was drilled solely to test the thickness and quality of the first Supai salt section.

This well plus another 400 feet North will be washed out in the salt section for propane storage.

The salt bed occurred from 1025 feet to 1062 feet for an over-all thickness of 37 feet. No shale beds in this interval were evident from the logs and the quality of salt appears to be consistent from top to bottom.

The top or cap is an anhydrite-gypsum section from 1016 to 1025. Above this is a dense dolomite bed.

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The base is a shale and dolomite section. The shale is red to brown in color and very silty. Also during drilling no evidence of fracturing was found.

ADDITIONAL REMARKS:

Excellent fresh water of what appears to be a good quality was found in river gravels (Best zone 120 - 138) and in the upper part of the Coconino sandstone (Best zone 138 - 160).

CONCLUSIONS:

This test well found an adequate thickness of clean salt with a solid cap or roof. The salt when dissolved in conjunction with the second well should make an excellent storage cavity for propane gas.

Robert E. Lauth

Robert E. Lauth
Certified Professional Geologist
AIPG No. 1366

Durango, Colorado
March 8, 1970

RECORD OF SAMPLE DESCRIPTION

PAGE NO. 1

SEC 6 TWP 17N RGE 21E LOCATION NESE 4340 FWL, 2943 FNL
 FARM No. 1 Fee STRAT NO. 1 ELEVATION 5077-6 Ground
 OWNER Ari tex Development Corp STATE Arizona COUNTY Navajo
 SAMPLES FROM 145 TO 470 EXAMINED BY R.E. Lauth DATE 2-26-70

FROM	TO	ORLG. TIME Min per ft.	LITHOLOGIC DESCRIPTION, FORMATION AND REMARKS
		1	9 5/8" casing @ 140' with 905x: Smpls start at 145' in R.C.
145	150	1	100 Ss wht vfg rnd fair-good pdk wtr. wet. - Gravel chert frags
150	160	12/12	100 Ss ditto
160	170	11/20	100 Ss ditto, occas med. rnd grains, still gravel cavings
170	180	22/20	100 Ss ditto well sorted TR. chert pebbles.
180	190	20/15	100 Ss wht-buff-fgr. wht clay cont fair pdk. ^{much chert} cavings
190	200	15/23	100 Ss ditto still chert pebbles, lt. gravel cavings
200	210	17/15	100 Ss ditto
210	220	7/38	100 Ss wht fgr rnd well sorted good pdk wtr. wet. ^{no} pebbles
220	230	15/20	100 Ss ditto TR pyrite & chert pebbles cavings
230	240	31/9	100 Ss ditto TR carb. material some chert pebbles
240	250	15/20	100 Ss ditto
250	260	12/18	100 Ss wht vfg wht clay cont fair-good pdk TR. pebbles
260	270	30/40	100 Ss ditto
270	280	30/45	100 Ss ditto
280	290	30/35	100 Ss ditto
290	300	30/30	100 Ss ditto
300	310	25/20	100 Ss ditto TR. gravel cavings again
310	320	20/30	100 Ss ditto much gravel cavings
320	330	15/30	100 Ss ditto TR gravel. cavings
330	340	40/30	100 Ss wht vfg v. much clay cont poor-fair pdk
340	350	30/30	100 Ss ditto no cavings
350	360	30/45	100 Ss ditto
360	370	25/25	100 Ss ditto inc chert pebbles again
370	380	55/15	100 Ss buff vfg rnd well sorted good pdk, v. much gravel frags.
380	390	7/8	100 Ss ditto
390	400	9/30	100 Ss ditto
400	410	11/19	100 Ss buff vfg firm fair pdk some clay cont - cavings
410	420	30/28	100 Ss ditto
420	430	24/32	100 Ss ditto
430	440	22/20	100 Ss ditto
440	450	25/40	100 Ss ditto
450	460	37/28	100 Ss Reddish brn vfg occas med. rnd grs. much cavings
460	470	31/39	100 Ss red-brown & buff. some clay cont fair pdk.

ROBERT E. LAUTH
 GEOLOGICAL CONSULTANT
 DURANGO, COLORADO

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RECORD OF SAMPLE DESCRIPTION

PAGE NO. 3

SEC. 6 TWP. 17N RGE. 21E LOCATION NESE; 4340 FWL; 2943 FNL
 FARM No. 1 Fee Street NO. 1 ELEVATION 5077' Ground level
 OWNER ARITEX DEVELOPMENT CORP. STATE ARIZONA COUNTY Navajo
 SAMPLES FROM 800' TO 1100' EXAMINED BY R.E. LAUTH DATE 3-1-70

FROM	TO	DRLG. TIME Min per 2 ft.	LITHOLOGIC DESCRIPTION, FORMATION AND REMARKS
800	810	34/33	10 Ss red vfg rnd 90 Siltst brn-red TR wht soft Gyp.
810	820	49/39	95 Siltst as above form. 5% Gypsum wht soft.
820	830	16/27	20 Ss wht-buff vfg good pdk 70 Siltst ditto 10 Gypsum ditto
830	840	17/16	100 Siltst ditto TR Gypsum.
840	850	17/25	100 Siltst ditto poor simpl - much coverings
850	860	25/50	70 Siltst ditto 30 Anhy gry chicken wire fln.
860	870	20/35	90 Siltst - shaly in part 10 Anhy ditto
870	880	42/52	70 Siltst - 30 Anhy gry f-med xln
880	890	55/50	100 Sh red stly form soft.
890	900	45/60	100 Sh ditto
900	910	25/60	100 Sh ✓
910	920	60/110	90 Sh ✓ 10 Anhy gry wht med xln firm.
920	930	52/16	TR Dol brn xln. 70 Sh brk red 30 Anhy ditto
930	940	15/15	50 Dol dk brn vfg xln - das - tight 40 Anhy ditto 10 Ls wht cugs?
940	950	35/14	70 Dol ditto anhydrite 30 Anhy ✓ TR v. red vfg ss.
950	960	12/10	40 Dol ✓ 40 Sh. red soft 20 Anhy ✓
960	970	10/10	poor simpl. 100 Sh red soft. Possibly salt in solution. ^{no. simpls}
970	980	25/10	70 Ss clear loose med crs gr. rnd-subrnd 30 Ls. ? cugs. ^{poor simpl.}
980	990	7/10	80 Ss ditto & dirty gray vfg & red micaceous 20 Ls ? cugs. ^{poor simpl.}
990	1000	70/65	60 Dol brn das to fln 40 Ls red nodular, some gypsum & ss.
1000	1010	23/40	30 Ss yell. vfg str. sa 70 Dol ditto
1010	1020	26/19	50 Ss ditto 50 Dol ditto
1020	1030	55/25	20 Dol. brn f. xln. 30 Anhy gray 50 Sh. Red-brn.
1030	1040	25/35	40 Dol ditto 20 Anhy & gypsum 20 Sh. ditto
1040	1050	25/27	10 Dol ✓ 90 ✓
1050	1060	31/42	20 Dol ✓ 80 ✓ {some SALT CASTS in Gypsum.}
1060	1070	57/33	70 Dol ✓ 30 ✓
1070	1080	20/33	40 Dol ✓ 20 ✓ 40 Sh. red brn stly & fln
1080	1090	25/25	40 Dol ✓ 20 ✓ 40 Sh ditto
1090	1100	20/60	60 Dol ✓ 40 ✓ gray fln.
			TO 1100 feet.

3920 slope test - TOTO @ 922' = 1/4
 NB @ 922
 400 ppm NaCl
 1050 NaCl 50,000 ppm
 1090 NaCl 7,000 ppm
 GEOLGICAL CONSULTANT DURANGO, COLORADO
 ROBERT E. LAUTH

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RECORD OF SAMPLE DESCRIPTION

PAGE NO. 2.

SEC 6 TWP 17N RGE 21E LOCATION NESE; 4340 FWL; 2943 FNL
 FARM No. 1 Fee Strat NO 1. ELEVATION 5077 ⁶/₆ Ground level
 OWNER ARITEX Development Corp. STATE ARIZONA COUNTY Navajo
 SAMPLES FROM 470 TO 800 EXAMINED BY R.E. LAUTH DATE 2-27 & 28, 1970

FROM	TO	DRLG. TIME Min per 5 ft.	LITHOLOGIC DESCRIPTION, FORMATION AND REMARKS
470	480	15/10	100 Ss red-brn & buff vfg rnd fair pdk, much cavings
480	490	15/12	100 Ss ditto
490	500	23/17	100 Ss ✓
500	510	13/42	100 Ss red-brn vfg rnd poor Pdk TR. cavings
510	520	10/18	100 Ss ditto occas. rnd med. grs; fair to good pdk
520	530	20/30	100 Ss ✓
530	540	20/23	100 Ss ✓
540	550	33/37	100 Ss v. red color vfg - some clay gypsum cont. poor pdk
550	560	43/23	100 Ss ditto
560	570	37/30	100 Ss ✓
570	580	55/33	100 Ss ✓ much red-brn silty vfg firm TR. wht gyp clay
580	590	48/22	100 Ss brn. vfg firm poor to fair pdk, rnd TR. gypsum.
590	600	72/31	100 Ss ✓ & buff, red & white, rest ditto ✓ wht soft
600	610	11/13	100 Ss red brn vfg silty in part firm poor pdk TR. gypsum
610	620	30/45	95 Ss ditto 5% Sh dk brn silty & paren.
620	630	50/25	sample ditto v. much pean size gravel cavings
630	640	29/16	100 Ss red-brn vfg rnd well sorted fair pdk TR. gyp & wht. ls.
640	650	18/17	100 Ss ditto good pdk
650	660	24/19	100 Ss ✓ TR Brn ls & wht calc gypsum
660	670	30/32	100 Ss ✓ fair pdk
670	680	25/35	100 Ss ✓ TR purple sh firm
680	690	22/28	100 Ss ✓
690	700	35/58	100 Ss ✓ LC@695 - chattering bit - fracture?
700	710	23/20	100 Ss ✓ red silty & vfg.
710	720	30/15	100 Ss ✓ poor smpl. many gravel cavings
720	730	15/15	100 Ss red-brn vfg rnd much LC material good pdk
730	740	30/20	100 Ss ditto silty in part also vfg gr. ss - much gravel cags.
740	750	10/20	100 Ss ditto good pdk wet
750	760	15/21	100 Ss ditto TR wht silty gyp.
760	770	26/28	100 Ss ✓
770	780	30/26	80 Ss ✓ 20 Sh choc-brn silty
780	790	32/35	90 Ss ✓ v. red color 10 Sh ditto micaceous in part
790	800	34/33	60 Ss ✓ much wht gypsum. 40 Sh. red ditto

Slope Test - Torco @ 625' = 1/2
 GEOLOGICAL CONSULTANT DURANGO, COLORADO
 ROBERT E. LAUTH

500

May 17, 1971

Memo from W. E. Allen

Memo to: Aritex Development #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

and

Aritex Development #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County
Our File #532

On May 10 I requested that Tom Martin attempt to have Eagleton forward to this office the requested completion reports and logs on their two storage wells. Martin assured me that he would contact Eagleton either the night of the 10th or the 11th and have this information forwarded to this office as soon as possible.

March 26, 1970

Re: Aritex Development #1 Fee Strat
NE/4 SE/4 6-17N-21E
Navajo County
Permit #530

Aritex Development #2 Fee Strat
SE/4 NE/4 6-17N-21E
Navajo County
Permit #532

Mr. Tom Martin called to inform us that on Tuesday last they had succeeded in establishing communications between the #1 and the #2 wells, which are located 400' apart. Mr. Martin indicated that pressure was applied (by Halliburton) and after reaching a pressure of about 1500 pounds, the water broke through from the #2 well into the #1 well. This took about 5 minutes after they began to pressure up. The 2 wells have now been put on a common pump which is apparently positioned between the 2 wells in such a way that it can push water in either direction. Currently the pump (a piston pump) is pumping about 200 gallons of water per minute down the #2 well and through the #1 well with a discharge pressure of about 160 pounds.

All seems to be going well and they are pleased with the ease with which they have managed to establish this communication.

Mr. Martin said that they had walked around the area on the surface to inspect for seepage and had found no seepage.

He is living in a trailer in Holbrook (telephone 524-3518). He is bringing his family up shortly from Houston.

In answer to some apparent inquiry from Mr. Bannister, Mr. Martin stated that information regarding the water well had been put in the mail yesterday at Houston. We should be receiving it within a day or so.

530

March 17, 1970

The two following wells have been received
at the Cut.

Aritex Dev. Corp. #1 Fee Strat
Sec. 6-17N-21E
Apache Co. Arizona 530

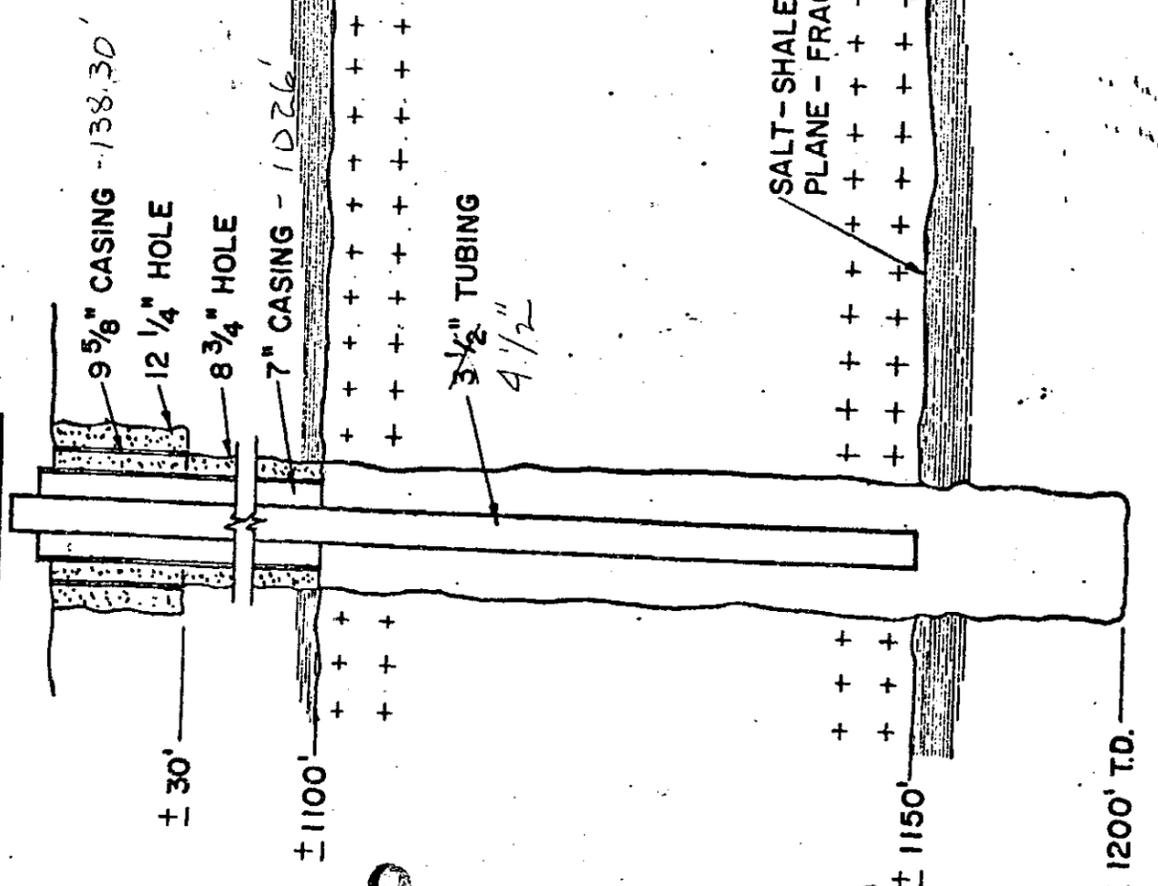
530 Consolidated, #1-1 Nava
Sec. 1-41N-28E
Apache Co. Arizona

Jo Ratchiff
FOUR CORNERS SAMPLE CUT

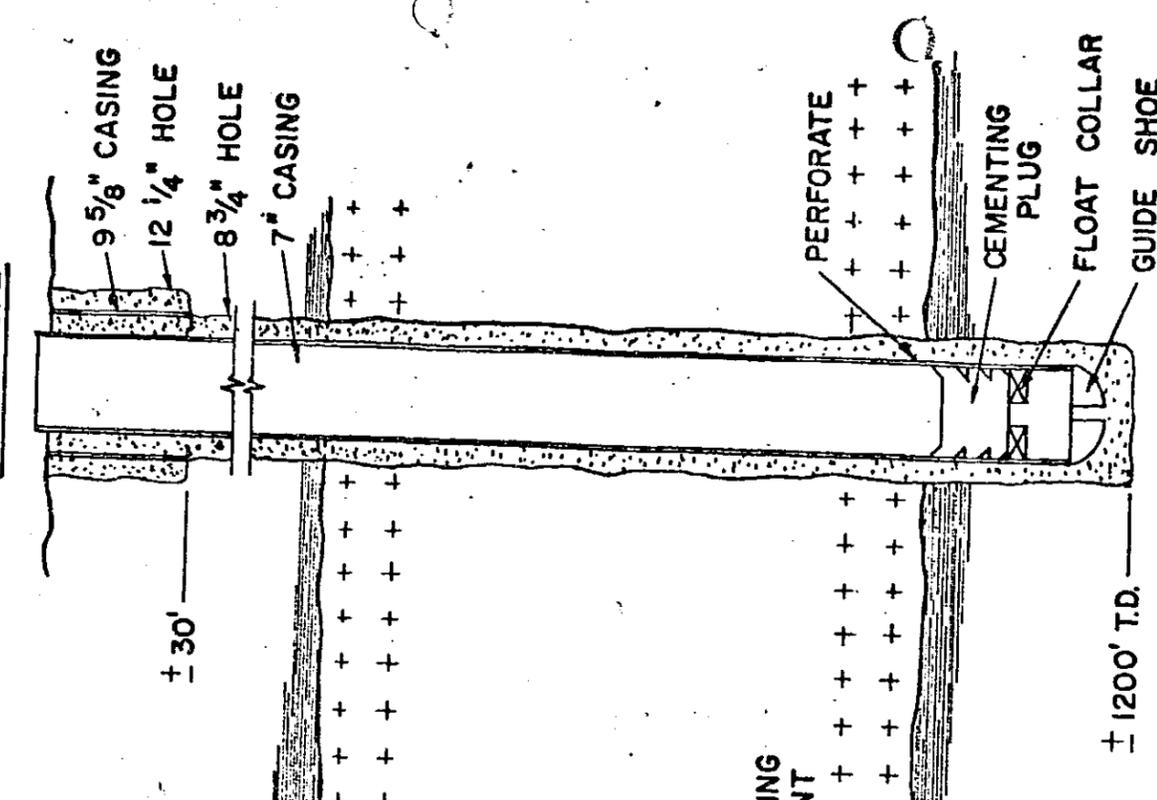


530

#530
WELL NO. 1



#532
WELL NO. 2



SOLUTION WELL SCHEMATIC PREPARATORY TO FRACTURING

FIG. 1

532

WELL NO. 2

9 5/8" CASING
12 1/4" HOLE
8 3/4" HOLE
7" CASING

± 30'

PERFORATE
CEMENTING
PLUG
FLOAT COLLAR
GUIDE SHOE

± 1200' T.D.

530

WELL NO. 1

9 5/8" CASING - 138.30'
12 1/4" HOLE
8 3/4" HOLE
7" CASING - 1026'

± 30'

± 1100'

3 1/2" TUBING
4 1/2"

SALT-SHALE BEDDING
PLANE - FRAC. POINT

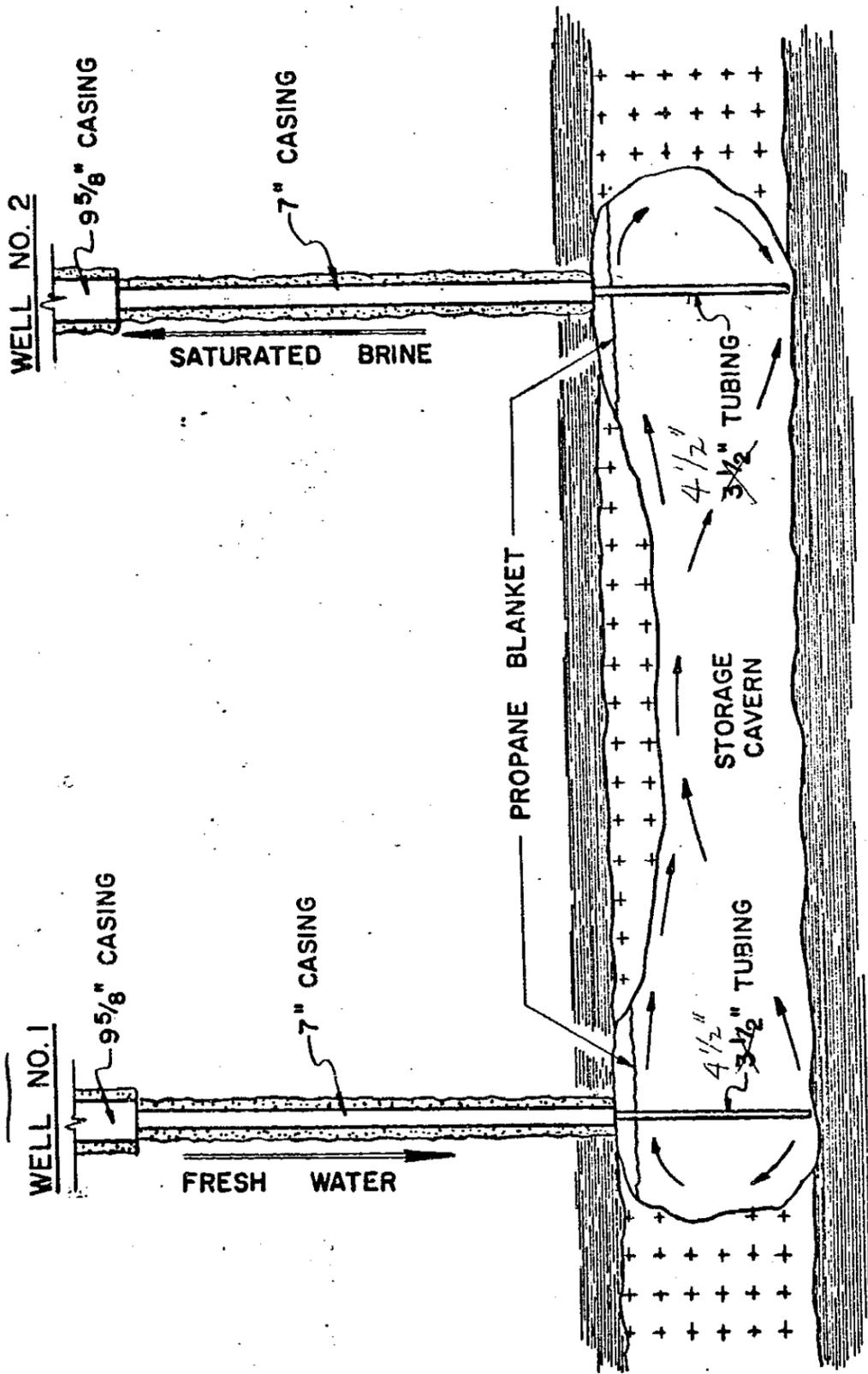
± 1150'

± 1200' T.D.

SOLUTION WELL SCHEMATIC PREPARATORY TO FRACTURING

FIG. 1

532



LEGEND: + + SALT |||| SHALE

PROPOSED DEVELOPMENT OF SOLUTION WELLS

FIG. 2

Aritex #1 Fee
#530

phone from Jim Baldery
3-6-70
9:15 AM

TD 1100'

Coonino 138' to 725' (wet)

Salt 1025'

7" (20lb) casing set to 1026'
with 175 sx cement (75 sx light
100 sx regular)

will drill out plug 3-7-70

will set 4 1/2" tubing to 1062'

will drill 2nd well 400' to North -
frack into Salt. Water will be circulated
between 2 wells until communication
established. Two temporary pits established
for this purpose.

When cavity being created a 200,000 bbl.
pit will be made - salt will be
sold after evaporation

New well 4239.83' f W, 2542.82' f N
Sec 6, 17 N, 24 E

WELL SITE CHECK

By JRW
Date 2-26-70

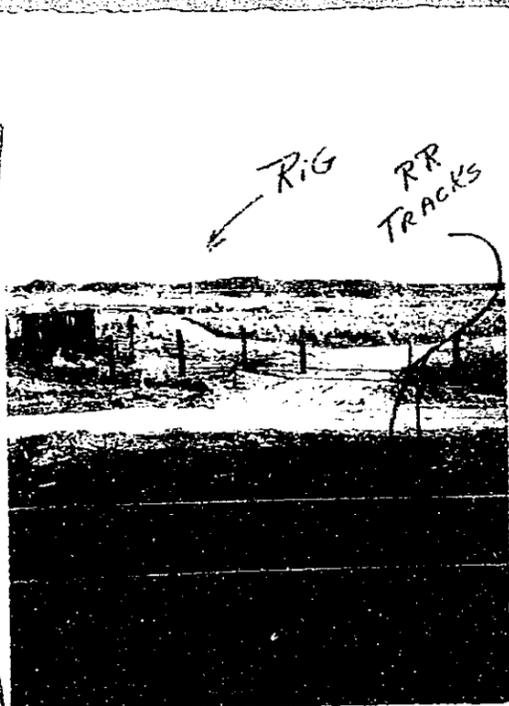
Contractor _____ Person(s) Contacted J.R. Walker (driller)
 Spud date _____ Tom Martin (boss)
 Type Rig _____ Rotary Present Operations DRILLING
 Cable
 Samples 10' Samples 360 FT
 Pipe SET 9 5/8 @ 145' Drilling with Air _____ Mud
 Water Zones _____ Size Hole 8 3/4
 Lost Circ. Zones _____ Size Drill Pipe _____
 Formation Tops _____ Type Bit _____
 Cores, Logs, DST _____ No. Bit _____ Drilling Rate _____
 _____ Formation _____
 Crews _____ Lithology _____

REMARKS, PHOTO, MAP

geologist is Bob Lauth.

RIG is "HOME-MADE" TRUCK-MOUNTED ROTARY.

Well located North of Railroad Track 1/2 mi E of Holbrook.



26
 WELL NAME Aritex Development Corp #1 FEE Permit No. 530
STRAT Confidential: Yes NO

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL

RE-ENTER OLD WELL

ARITEX DEVELOPEMENT CORP.
NAME OF COMPANY OR OPERATOR

301 Sharpstown Bank Bldg. **Houston** **Texas**
Address City State

Ben Nelson
Drilling Contractor

Sanders Ariz
Address

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor See Remarks	Well number 1	Elevation (ground) 5077.60'
Nearest distance from proposed location to property or lease line: 500' FN Property Line 100' FW Property Line	feet	Distance from proposed location to nearest drilling, completed or applied—for well on the same lease: 400 feet
Number of acres in lease: 15.72 Acres	See Remarks	Number of wells on lease, including this well, completed in or drilling to this reservoir: 1
If lease, purchased with one or more wells drilled, from whom purchased: NONE		
Well location (give footage from section lines) 4339.82 FWL 2942.82 FNL	Section—township—range or block and survey Sec 6 T17N R21E	Dedication (Comply with Rule 105)
Field and reservoir (if wildcat, so state) Wildcat For Salt	County Navajo	
Distance, in miles, and direction from nearest town or post office 1 1/2 miles East Holbrook		
Proposed depth: 1300	Rotary or cable tools Rotary	Approx. date work will start 2-14-70
Bond Status Amount \$5000.00	Organization Report On file	Filing Fee of \$25.00 Attached \$25.00
Remarks: This 15.72 Acres is owned by Victor H Gerwitz and wife LaMeræ W. Gerwitz. It is under option to H. Norman Eagleton and wife Janet G. Eagleton. IF sufficient salt is found when well is drilled to develop Liquified Petroleum Storage, the 15.72 Acres will be purchased by Eagleton's exercising option.		

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the **DRILLING SUPT.** of the **ARITEX DEVELOPEMENT CORP.** (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

*A proprietorship owned wholly by H. Norman Eagleton.

James Waldry
Signature
2-5-70
Date

Permit Number: **530**
Approval Date: **2-9-70**
Approved By: *John Lannester*

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Drill or Re-enter
File Two Copies

RECEIVED
FEB 6 1970
STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

Form No. 3

26

- i. Operator shall outline the dedicated acreage for both oil and gas wells on the plat.
2. A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
3. All distances shown on the plat must be from the outer boundaries of the Section.
4. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO _____
5. If the answer to question four is "no," have the interests of all the owners been consolidated by communization agreement or otherwise? YES _____ NO _____ If answer is "yes," Type of Consolidation _____
6. If the answer to question four is "no," list all the owners and their respective interests below:

Owner	Land Description
	<i>NE 1/4 SE 1/4 Sec 6, T17N, R21E</i>

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; height: 100px; vertical-align: top; text-align: center;">4339.82</td> <td style="width: 80%; text-align: center;"> </td> </tr> </table>	4339.82		<p style="text-align: center;">CERTIFICATION</p> <p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p> <p>Name _____</p> <p>Position _____</p> <p>Company _____</p> <p>Date _____</p> <p>I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p style="text-align: right;"><i>[Signature]</i></p> <p>Date Surveyed <i>1-31-70</i></p> <p>Registered Professional Engineer and/or Land Surveyor</p> <p style="text-align: right;"><i>Land Surveyor</i></p> <p>Certificate No. <i>5704</i></p>
4339.82			

0	330	660	990	1320	1650	1980	2310	2640	2000	1500	1000	500	0
---	-----	-----	-----	------	------	------	------	------	------	------	------	-----	---

PROPOSED CASING PROGRAM

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement



PERMIT TO DRILL

This constitutes the permission and authority from the
OIL AND GAS CONSERVATION COMMISSION,
STATE OF ARIZONA,

To: ARITEX DEVELOPMENT CORPORATION
(OPERATOR)

to drill a well to be known as

ARITEX DEVELOPMENT CORPORATION #1 FEE STRAT
(WELL NAME)

located 4339.82 FWL - 2942.82 FNL

Section 6 Township 17N Range 21E NAVAJO County, Arizona.

The STRAT of said
Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled
in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 9th day of FEBRUARY, 1970.

OIL AND GAS CONSERVATION COMMISSION

By John W. [Signature]
EXECUTIVE SECRETARY

PERMIT 9 N^o 530

RECEIPT NO. 2864
API NO. 02-017-20003

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill

FORM NO. 27

SAMPLES ARE REQUIRED



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

April 15, 1996

Fax memo: Paul Rowe 14 pages total
Roy E. Ladd, Inc.
Fax No. 520-524-3437

From: *SLR* Steven L. Rauzi, Oil & Gas Administrator
Fax No. 520-770-3505

Re: Our discussion of Aritex wells near Holbrook

The information we discussed when I was in Holbrook last Thursday and in my phone call this morning is attached. The information includes the applications to drill, plug & abandon, and plugging records for the two Aritex wells; two schematic drawings of the proposed storage cavity between the wells; the preliminary project plan showing the two wells near the ne and se corners of the surface ponds; and the Holbrook 7.5-minute quadrangle showing my plots of the footages in the applications to drill and the new plots based on the Aritex plan.

Since I did not have the Aritex plan, I did not check the ne and se corners of the ponds, just the plots west of the ponds on the attached topo sheet. As a result, I would appreciate your checking for the two abandoned wells near the ne and se corners of the pond and letting me know what you find. A photograph of the abandonment markers (4" diameter pipe at least 4' above ground level) if they exist.

I look forward to hearing from you soon.

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. 29-0130-109-70

That we: EAGLETON ENGINEERING CO.

of the County of Harris in the State of Texas

as principal, and UNITED STATES FIDELITY AND GUARANTY COMPANY

of Baltimore, Maryland

AUTHORIZED TO DO BUSINESS WITHIN the State of Arizona.

as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of FIVE THOUSAND AND NO/100---(\$5,000.00)---- lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit: Well in SE 1/4 of Section 6 Township 17 North Range 21 East Navajo County, Arizona

(May be used as blanket bond or for single well)

NOW, THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

1. Remedy the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this 6 day of February, 19 70

CANCELLED

EAGLETON ENGINEERING CO.

BY: [Signature]
Principal

DATE 3-4-74
WITNESS our hands and seals this 6 day of February, 19 70

UNITED STATES FIDELITY AND GUARANTY COMPANY

BY: [Signature] Attorney-in-Fact
Surety

COUNTERSIGNED BY:

[Signature]
Surety, Resident Arizona Agent
If issued in a state other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved Date 3-3-70
STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
By: [Signature]

Permit No. 530

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Bond
File Two Copies
Form No. 2



CERTIFIED COPY

GENERAL POWER OF ATTORNEY

No. 75048

Know all Men by these Presents:

That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland, and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint **Alfreda Mills**

of the City of **Houston**, State of **Texas**
its true and lawful attorney ~~placed for the State xxxxx~~

for the following purposes, to wit:

To sign its name as surety to, and to execute, seal and acknowledge any and all bonds, and to respectively do and perform any and all acts and things set forth in the resolution of the Board of Directors of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, a certified copy of which is hereto annexed and made a part of this Power of Attorney; and the said UNITED STATES FIDELITY AND GUARANTY COMPANY, through us, its Board of Directors, hereby ratifies and confirms all and whatsoever the said

Alfreda Mills

may lawfully do in the premises by virtue of these presents.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Vice-President and Assistant Secretary, this **25th** day of **October**, A. D. 19**62**

UNITED STATES FIDELITY AND GUARANTY COMPANY.

(Signed) By **A. C. Holmes**
Vice-President.

(SEAL) (Signed) **E. W. Buffington**
Assistant Secretary.

STATE OF MARYLAND, }
BALTIMORE CITY, } ss:

On this **25th** day of **October**, A. D. 19**62**, before me personally came **A. C. Holmes**, Vice-President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and **E. W. Buffington**, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they resided in the City of Baltimore, Maryland; that they, the said **A. C. Holmes** and **E. W. Buffington** were respectively the Vice-President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so fixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Vice-President and Assistant Secretary, respectively, of the Company. My commission expires the first ~~Monday in May, A. D. 1963.~~

(SEAL) (Signed) **Anne M. O'Brien**
Notary Public.

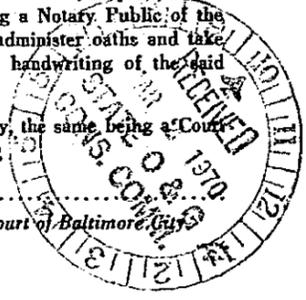
STATE OF MARYLAND }
BALTIMORE CITY, } Set.

I, **James F. Carney**, Clerk of the Superior Court of Baltimore City, which Court is a Court of Record, and has a seal, do hereby certify that **Anne M. O'Brien**, Esquire, before whom the annexed affidavits were made, and who has thereto subscribed his name, was at the time of so doing a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and sworn and authorized by law to administer oaths and take acknowledgments, or proof of deeds to be recorded therein. I further certify that I am acquainted with the handwriting of the said Notary, and verily believe the signature to be his genuine signature.

In Testimony Whereof, I hereto set my hand and affix the seal of the Superior Court of Baltimore City, the same being a Court of Record, this **25th** day of **October**, A. D. 19**62**

(SEAL) (Signed) **James F. Carney**
Clerk of the Superior Court of Baltimore City

CANCELLED
3-4-74



COPY OF RESOLUTION

That Whereas, it is necessary for the effectual transaction of business that this Company appoint agents and attorneys with power and authority to act for it and in its name in States other than Maryland, and in the Territories of the United States and in the Provinces of the Dominion of Canada and in the Colony of Newfoundland.

Therefore, be it Resolved, that this Company do, and it hereby does, authorize and empower its President or either of its Vice-Presidents in conjunction with its Secretary or one of its Assistant Secretaries, under its corporate seal, to appoint any person or persons as attorney or attorneys-in-fact, or agent or agents of said Company, in its name and as its act, to execute and deliver any and all contracts guaranteeing the fidelity of persons holding positions of public or private trust, guaranteeing the performances of contracts other than insurance policies and executing or guaranteeing bonds and undertakings, required or permitted in all actions or proceedings, or by law allowed, and

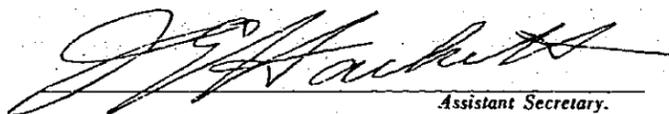
Also, in its name and as its attorney or attorneys-in-fact, or agent or agents to execute and guarantee the conditions of any and all bonds, recognizances, obligations, stipulations, undertakings or anything in the nature of either of the same, which are or may by law, municipal or otherwise, or by any Statute of the United States or of any State or Territory of the United States or of the Provinces of the Dominion of Canada or of the Colony of Newfoundland, or by the rules, regulations, orders, customs, practice or discretion of any board, body, organization, office or officer, local, municipal or otherwise, be allowed, required or permitted to be executed, made, taken, given, tendered, accepted, filed or recorded for the security or protection of, by or for any person or persons, corporation, body, office, interest, municipality or other association or organization whatsoever, in any and all capacities whatsoever, conditioned for the doing or not doing of anything or any conditions which may be provided for in any such bond, recognizance, obligation, stipulation, or undertaking, or anything in the nature of either of the same.

I, **J. E. Hackett**, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney given by said Company to **Alfreda Mills**

of **Houston, Texas**, authorizing and empowering **her** to sign bonds as therein set forth, which power of attorney has never been revoked and is still in full force and effect.

And I do further certify that said Power of Attorney was given in pursuance of a resolution adopted at a regular meeting of the Board of Directors of said Company, duly called and held at the office of the Company in the City of Baltimore, on the 11th day of July, 1910, at which meeting a quorum of the Board of Directors was present, and that the foregoing is a true and correct copy of said resolution, and the whole thereof as recorded in the minutes of said meeting.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on **February 6, 1970**
(Date)


Assistant Secretary.



UNITED STATES FIDELITY AND GUARANTY COMPANY

3401 FANNIN STREET, P. O. BOX 8426

HOUSTON, TEXAS 77004

TELEPHONE: 713/JACKSON 6-1551

K. C. PTOMEY
MANAGER

JOSEPH S. KNIGHT
SUPERINTENDENT - CLAIMS

JOHN F. ROUGAGNAC
ASSISTANT MANAGER

January 31, 1974

Oil & Gas Conservation Commission
State of Arizona
1624 West Adams Room 202
Phoenix, Ariz. 85007

NOTICE OF CANCELLATION
Eggleston Engineering Co.
RE: Ariz. Oil Fee Strat NE/4 SE/4 Sec. 6
T17N, R21E, G&SRM Permit #530

Whereas on or about the 6 day of February 1970 United States

Fidelity and Guaranty Company, as Surety, executed Oil or
Gas Well Drilling Bond in, the penalty of \$5,000.00

on behalf of Eggleston Engineering Co.

in favor of State of Arizona

Bond No. 29-0130-109-70, and;

Whereas it is our desire to cancel said bond in accordance with
the terms thereof.

Signed, sealed this 31 day of January 19 74.

UNITED STATES FIDELITY AND GUARANTY COMPANY

BY: *Alfreda Mills*
Attorney-in-Fact

ACKNOWLEDGEMENT

United States Fidelity and Guaranty Company
Houston, Texas

Your Notice of Cancellation as set forth above received. We have
arranged to cancel said bond effective: 3-4-74

Date: *W.B. Allen*

PLEASE COMPLETE THE ACKNOWLEDGEMENT AND RETURN ONE COPY TO US.

cc: Corroon & Black of Texas, Inc.
Houston, Texas

RECEIVED

FEB 14 1974

O & G CONS. COMM.

U. S. F. & G.

530



OFFICE OF
Oil and Gas Conservation Commission

STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

February 21, 1974

RECEIVED
FEB 23 1974
EAGLETON ENGINEERING CO.

Mr. Norman Eagleton
Aritex Development Corporation
301 Sharpstown Bank Building
Houston, Texas 77036

Re: Aritex #2 Well
Permit No. 532
Bond No. 29-0130-153-70
\$5,000

Dear Mr. Eagleton:

We have received your request from U.S.F.&G. for cancellation of the above referenced bond. If this request meets with your approval, please advise and we will then notify the bonding company that this bond may be cancelled.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/rlb

February 25, 1974

Dear Mr. Allen:

You have our approval to notify the bonding company that the bond may be cancelled.

Sincerely, *Also approval for Aritex # one*

ARITEX DEVELOPMENT CORPORATION

H. Norman Eagleton, P. E.

530



UNITED STATES FIDELITY AND GUARANTY COMPANY

3401 FANNIN STREET, P. O. BOX 8426

HOUSTON, TEXAS, 77004

K. C. PTOMEY

MANAGER

TELEPHONE: 713/525-1851

JOHN F. ROUGAGNAC
ASSISTANT MANAGER

JOSEPH S. KNIGHT
SUPERINTENDENT OF CLAIMS

February 20, 1974

Oil & Gas Conservation Commission
State of Arizona
1624 West Adams Room 202
Phoenix, Arizona 85007

Re: Eagleton Engineering Co.
Oil or Gas Well Drilling Bond -
Aritex #1 Fee Strat NE/4 SE/4 Sec. 6
T17N, R21E, G&SRM Permit #530
Navajo County, Arizona

Gentlemen:

Please refer to our Notice of Cancellation dated
January 31, 1974, and advise us if we may consider
our liability terminated on captioned bond.

Yours very truly,

Alfreda Mills

Alfreda Mills
Fidelity-Surety Dept.

12/22/74

AM:ch

cc: Corroon & Black of Texas, Inc.
Houston, Texas

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FEB 20 1974

O & G CON. COMM.

FENIX & SCISSON, INC.

5805 EAST FIFTEENTH STREET.
TULSA, OKLAHOMA

PLEASE REPLY TO:
P. O. Box 15609
TULSA, OKLAHOMA 74115

July 30, 1973

PHONE (918) 835-9471
TWX NO. (910) 845-2108
CABLE ADDRESS: FENSON TULSA

Mr. W. E. Allen
Director, Enforcement Section
Arizona Oil & Gas Conservation Commission
4515 N. 7th Ave.
Phoenix, Arizona 85013

Dear Bill:

Per our discussions last week in Phoenix, I am attaching some general information regarding the Holbrook storage wells.

Al Medley will continue to work with you very closely on the Cal Gas Storage Project west of Phoenix.

Yours very truly,

Kermit Allen

Kermit Allen
Chief Design Engineer

KA/sd

Attach.

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7/30/73

OIL & GAS CONSERV. COMM.

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September 24, 1970

MEMO TO: Files (Suburban Propane)
FROM: Kermit Allen
SUBJECT: Status of Holbrook, Arizona Storage Project

While at Eminence on September 21, 1970 I visited with a Mr. Bill Hicks who is Vice President of French Well Surveys, Inc. Mr. Hicks was on his way to Arizona to run logs in Eagleton's Holbrook storage wells.

About a year ago Suburban asked F&S to submit a proposal to construct salt storage at Holbrook, Arizona. We did submit a proposal; however, while I was in Pomona, California, reviewing our proposal with Mr. Dave Shaeffer, Mr. Eagleton arrived and told Suburban that his financial position had improved and that he would construct the storage terminal and lease storage space to Suburban. Suburban agreed to Eagleton's statement and told me that if he were unsuccessful in this venture Suburban's only loss would be a year's time--in which case Suburban would then construct their own caverns.

On September 23, 1970 I called Dave Shaeffer (Suburban) and obtained the following information:

1. About three weeks ago Eagleton called Shaeffer and stated he had 100,000 barrels of storage space ready.
2. Suburban injected 5,000 barrels of propane and none could be recovered.
3. Logs were run in both wells (frac-connected) and void space was found behind the casing.
4. Casing was perforated--still no propane.
5. Suburban is trying to decide whether to inject additional propane.

I told Dave about my conversation with Mr. Hicks and that if Mr. Hicks' story is correct it is my opinion that injecting additional propane without further defining the problem is unsound.

Dave advised that he had made long-term commitments for propane which were contingent on having storage space. Now Suburban must decide what to do next. If their decision is to construct their own storage, we will be hearing from Suburban.

KA:lw

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O & G CONS. COMM.

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February 22, 1971

Memo to: Files (Williams Brothers - Arizona)

From: Kermit Allen ^(K.A.)

SUBJECT: Potential Work - Arizona

On February 22, 1971 Mr. Keith Beard called and advised that the brine wells that were to be used for propane storage at Holbrook, Arizona, are not working out so well. Eagleton Engineering, Houston, Texas, constructed the frac-connected wells for brine production about a year ago. Suburban Propane subsequently leased the cavities for LPG storage. However, propane was injected into the cavities but not recovered. Also, hydrostatic pressure tests do not look favorable.

Keith would like to construct new LPG storage wells. A Williams Bros. meeting is scheduled for today and Keith hopes to convince his people that F&S should evaluate the existing facility. Then, if the cavities are unacceptable for LPG storage, F&S would submit a proposal to construct new wells.

Keith will call back this afternoon and advise as to future action.

KA:lw

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AUG 11 1971

O & G CONS. COMM.

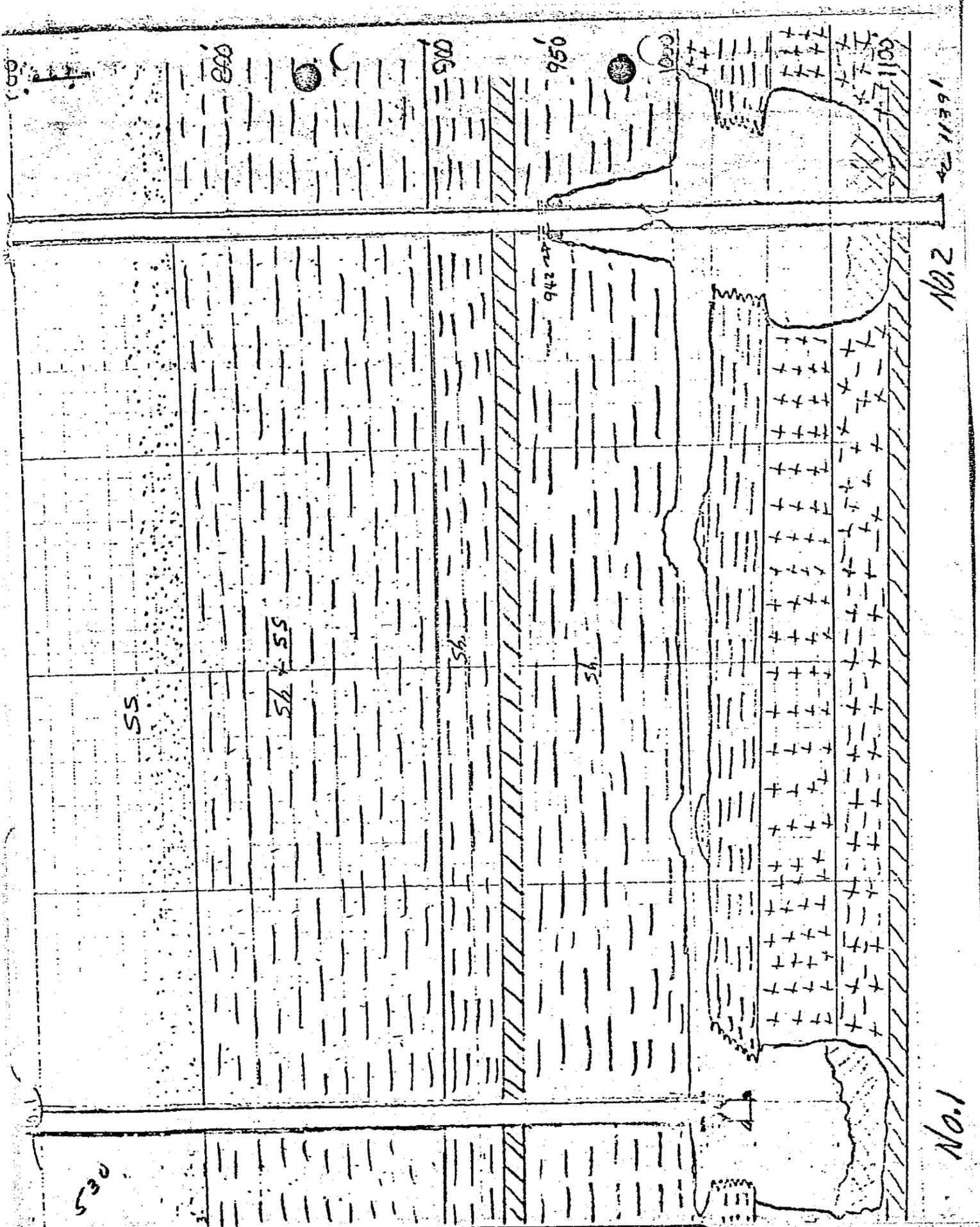
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Memo to Files (#191)
Page 2
March 25, 1971

6. Mr. Eagleton was satisfied with the geological work performed by Robert E. Lauth, Consulting Geologist, Durango, Colorado. His fee was \$1,000. However, Mr. Lauth did not consider the lower salt worth testing.
7. Brine could be sold to a uranium mill--if a continued source were available. Also, Mr. A. L. Hickerson, Permian Brine Sales, Odessa, Texas, indicated an interest in purchasing brine.
8. Mr. Eagleton stated that he would supply any additional information needed regarding the Holbrook project.
9. Estimated cavity size is 122,343 Bbls.

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No. 2

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March 6, 1971

Mr. Keith Beard
Williams Engineers Engineering Co.
Researcher Sciences Center
321 South Boston
Tulsa, Oklahoma 74102

Dear Keith:

We have reviewed all available information regarding the construction of the Archer Duvale salt cavern brine cavity near Holbrook, Arizona. The available information consists of (1) well logs, well completion reports, and hydrostatic pressure test results you left in our office on March 3, 1971, (2) the proposals we received from Suburban Company, Inc., in January 1971, and (3) miscellaneous information obtained from telephone conversations with Mr. Love Shaeffer the past year.

As you can see our information is quite limited and we do not have detailed records of the construction and development history. However, since you have requested our opinion as to the usability of these caverns for propane storage, we have analyzed the above information and offer the following comments:

1. The hydrostatic pressure tests run in February 1970 indicate that the cavern is not pressure tight. However, conclusive proof of a leaking cavern would require additional and more lengthy pressure tests.
2. It is our understanding that approximately 5,000 barrels of propane were injected into the brine cavity and none were recovered. This would seem to indicate cavern communication with upper caverns and permeable strata. However, there is the possibility that the propane was trapped in pockets in the cavern wall between the two wells.
3. If the cavern is leaking it is not known whether the leak is around the cavern or in one of the casing walls. A casing leak could be located by setting a packer and hydrostatically testing the inside of the 7 inch O.D. casing string.
4. ~~The well completion program used is highly questionable.~~ It would seem that the numerous porous formations above the salt caverns would have dictated better casing, mud, and cementing programs.

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AUG 01 1973

O & G CONS. COMM.

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Mr. Keith Beard
Page 2
March 8, 1971

5. The use of a hydrocarbon blanket to control the upper leaching; i.e., leaving some salt in the cavity roof, would have enhanced the chances of obtaining a "tight" cavity.
6. Additional time and money would be required to determine the usability of the cavities for propane storage. However, in our opinion, chances of obtaining a usable storage cavity would probably be in the order of one out of ten.

At this time our recommendations would be to:

1. Obtain and evaluate the detailed construction and operating history of the wells.
2. Based on the above findings, recommend either additional well testing programs or abandonment of the site for propane storage.

If it is decided the existing brine cavity should not be used for propane storage, the following course of action would be required to develop new propane caverns.

1. Design facility.
2. Acquire a site (minimum of 15 acres).
3. Obtain permits from Oil and Gas Conservation Commission.
4. Confirm fresh water supply, brine disposal, and salt, by drilling a combination exploratory/disposal well.
5. Drill two solution wells and frac-connect (Attachments II and III).
6. While drilling solution wells, procure and install the surface leaching plant.
7. Leach storage space.

The above scope of work is tentative only and is presented only to show the more important items to be performed in order to construct salt storage space.

It is estimated that two months would be required to construct the surface plant and drill the required wells. After plant construction, 35,000 barrels of space could be created each month. Attachment I to this letter

* There is a good chance that the brine disposal well could be replaced by brine disposal in an unlined pit.

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Mr. Keith Beard
Page 3
March 8, 1971

shows the approximate time and cost to develop various volumes of storage through two frac-connected wells. It should be noted that the time required for design, selecting and securing a site, and obtaining permits to drill is not included in the cost estimate as shown in Attachment I. Very probably two additional months would be required to perform the above preliminary work.

There would be one advantage in using the Engleton 15 acre site--that, if the surface brine ponds could be used for brine disposal, and if fresh water were available, two single storage wells could be drilled and caverns developed. This means that leaching could probably begin in two months rather than the four months predicted for a new storage site.

Keith, please remember that the contents of this letter are based on a one-day evaluation rather than on a one to two month study which normally precedes cavern construction. If it is decided that prepare storage will be constructed at Robscook, additional manhours should be spent in refining a future course of action.

Per our discussion last Friday I am not submitting a proposal for our performance of the evaluation and construction of the facility. It is my understanding that you will meet with Mr. Beisson and work out the contract details.

Yours very truly,

Kenmit Allen

MA:lw

Attachments 2/s

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May 11, 1971

Memo to: Files (#191)

From: K. Allen

SUBJECT: Arizona Field Trip - Suburban Companies

On May 8, 9, and 10 Messrs. Jess Wyrick and Kermit Allen, Fenix & Scisson, and Bob Wiruth, Suburban Companies, visited the Adamana Site.

Purpose of the trip was to confirm whether brine disposal pits could be constructed on the 120 acre site which Suburban has an option to buy.

If pit construction were found to be feasible a core hole would be started immediately.

Results of the trip:

Adamana

1. Construction of unlined brine pits on the existing site is not recommended due to possible contamination of local fresh water aquifers.
2. A 40-acre site north of the present property and located in the NE/4, SE/4 of Section 6 would be adequate for pit construction. Efforts are being made to procure this site.
3. Suburban authorized F&S to proceed with the 1000 foot core hole. Drilling will probably begin May 12, 1971
4. Test holes were augered to confirm clay thickness.
5. Mr. Bill Allen, Arizona Oil & Gas Commission, approved our Application to Drill the core hole.
6. Sonny Cirwath will submit a proposal for construction of the brine pits.

Detailed results of the trip are summarized in Attachment I to this memo.

Holbrook

On May 8, 1971 Airtex perforated the 7 inch casing in Well No. 2 at a depth of 942 feet - 944 feet and obtained some propane. However, this does not make the cavity a usable LPG storage cavern. Some of the reasons for not using this cavity for LPG storage are:

1. Both wells have collapsed casing strings and have been perforated at the top and/or above the salt interval.

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O & G CONS. COMM.

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Memo to: Files (#191)

Page 2

May 11, 1971

Re: Arizona Field Trip - Suburban Companies

It is questionable whether brine return strings could be run through the 7 inch to the cavity bottom.

2. The shale roof has caved 60 feet above the top of the salt in Well No. 2.
3. In our opinion the cavern has not been successfully hydrostatically tested.
4. If brine return strings cannot be installed very little usable storage space could be obtained.
5. There is a leak in the 7 inch casing somewhere above the packer.

A schematic showing the probable condition of the Airtex cavity is shown as Attachment II. The schematic is based on our conversation with Mr. Eggleton on May 8, 1971 and examination of logs run in Well No. 2 on May 8, 1971.

If our assumptions are correct only a small volume of propane is trapped in the collapsed area around Well No. 2--probably less than 10,000 gallons.

KA:lw

Attachments a/s

C
O
P
Y

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August 27, 1973

Ms. Kay Waller
Petro-Well Libraries Inc.
150 Security Life Building
1616 Glenarm Place
Denver, Colorado 80202

Re: August Current File Material

Dear Kay:

Enclosed is the current material for the month of August.

Data on File #583 - Astro-Tex Corporation Federal No. 1
(As per your request of 8-3-73)

Data on File #27 - Colorado Basin Associates
(As per your request of 8-3-73)

Data on File #530 - Aritex Development Strat Fee #1
One Interface Survey Log

Data on File #532 - Aritex Development Strat Fee #2
One Gamma Ray Log

By certified mail you will be receiving data and logs on File #583
Humble Oil & Refining Company Well No. 1 State (74).

Very truly yours,

W. E. Allen, Director
Enforcement Section

Rhema L. Brandt
Secretary to W. E. Allen

/rlb

Encs.

P.S. Kay, I'm curious, has Petro-Well received every request for the
oil files? Don't worry the cash won't hurt our ego!

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ARITEX DEVELOPMENT CORPORATION

301 SHARPSTOWN BANK BLDG.
HOUSTON, TEXAS 77036

PHONE (713) 771-8343

OPERATING FACILITIES
AT
HOLBROOK, ARIZONA

August 2, 1973

Mr. W. E. Allen, Director
Enforcement Section
Oil and Gas Conservation Commission
State of Arizona
4515 North 7th Avenue
Phoenix, Arizona 85013

Dear Mr. Allen:

Attached are the completed application to plug and the plugging reports for our two abandoned wells near Holbrook. As you know from your discussions with Tom Martin, we are reluctantly abandoning our proposed LPG storage project. This project caused us a substantial loss of money but we have tried to close out our operation in a manner that is in accordance with your requirements.

Also attached are copies of the logs that you requested. One is an Interface Survey of Well No. 1 made on May 7, 1971. The other is a Gamma Ray Log made on Well No. 2 on May 8, 1971.

The estimated volume of salt removed between the two wells is approximately 80,000 barrels.

Sincerely,

ARITEX DEVELOPMENT CORPORATION

H. Norman Eagleton, P.E.

Enc.
HNE/rp

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O & G CONS. COMM.

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OFFICE OF
Oil and Gas Conservation Commission

STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

July 25, 1973

Mr. Tom Martin
Aritex Development Corporation
301 Sharpstown Bank Building
Houston, Texas 77036

Re: Aritex #1 Fee Strat
NE/SE Section 6-T17N-R21E
Navajo County
File No. 530

Aritex #2 Fee Strat
SE/NE Section 6-T17N-R21E
Navajo County
File No. 532

Dear Tom:

Attached are the forms, Application to Plug and Plugging Report, that we discussed yesterday. Please complete one copy of each of these forms and return to this office as quickly as possible.

We would also appreciate receiving copies of any logs that have been run on either of these wells. We presently have a radioactivity log and lithologic log on each well and a caliper log on your No. 1 well. It is our understanding that other logs have been run. The other logs are the ones we would like to have copies of. Also, advise us of the approximate dimensions of the reservoir that was created underneath these wells.

Thank you for your past cooperation and we hope that we will have the opportunity of working with you in the not too distant future.

Very truly yours,

W. E. Allen

W. E. Allen, Director
Enforcement Section

WEA/rlb

Encs.

lcc - Norman Eagleton

530

September 21, 1972

Aritex Development Corporation
Mr. H. Norman Eagleton, P. E.
301 Sharpstown Bank Building
Houston, Texas 77036

Re: Aritex Development Corporation LPG Storage Project - Holbrook

Dear Mr. Eagleton:

Thank you for your letter of September 15, 1972 outlining your tentative plans for the above storage project.

It is our desire to cooperate with you in every way possible to enable your firm to convert this cavern into a successful operation. It is not the intent of this Commission to deter you in your efforts to complete a safe and usable reservoir for the storage of LPG, however, we are very concerned about the use of this cavern for the storage of LPG products. If your leak was in the 7" casing it could be a fairly simple matter to remedy the situation. Since apparently the leak is in the formation of the cavern itself, this seems to present an entire different situation.

This condition has been discussed at length and it has been concluded that unless you are able to satisfy this Commission of the complete safety of this operation by July 1, 1973, this Commission will deem it necessary to call a hearing requiring Aritex Development Corporation to show cause as to why this cavern should not be plugged and abandoned.

We sincerely hope, Mr. Eagleton, that the above step will not be necessary, but this Commission is charged by law to take any measures required to safeguard the health, property, and public welfare of the citizens of this State.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/rlb

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ARITEX DEVELOPMENT CORPORATION

301 SHARPTOWN BANK BLDG.
HOUSTON, TEXAS 77036

PHONE (713) 771-8343

OPERATING FACILITIES
AT
HOLBROOK, ARIZONA

September 15, 1972

Mr. W. E. Allen, Director
Enforcement Section
Oil and Gas Conservation Commission
4515 North 7th Avenue
Phoenix, Arizona 85013

Dear Mr. Allen:

We have received your letter of September 14. We have not conducted the tests we planned for July for two reasons. First, we have been unable to shake Tom Martin loose from some work that he is doing in Kentucky. Tom is much more familiar with the situation in Holbrook than anyone else we have and I would like to have him present when we conduct the tests. The second reason is that we were unable to interest an owner of propane to use the storage this summer and so there was no pressing need to conduct the tests. We feel that the longer we wait to apply the test pressure, the better chance we will have of a successful test.

When we do conduct the tests your office will be notified so that you can have someone present as a witness.

Sincerely,

ARITEX DEVELOPMENT CORPORATION


H. Norman Eagleton, P. E.

HNE/rp

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O & G CONS. COMM.

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September 14, 1972

Mr. Norman Eagleton, President
Aritex Development Corporation
301 Sharpstown Bank Building
Houston, Texas 77036

Re: Aritex Development #1 Fee Strat
NE/SE Section 6-T17N-R21E
Navajo County
Our File #530

Aritex Development #2 Fee Strat
SE/NE Section 6-T17N-R21E
Navajo County
Our File #532

Dear Mr. Eagleton:

In your letter dated January 24, 1972 you stated that you plan to conduct tests on your No. 1 well to determine if the cavern still had a leakage problem. These tests were to be made in June or July of this year. Since we have had no word from you regarding this situation, will you please advise this office of your plans for this storage reservoir.

It is the desire of this office to witness any test that you may make in connection with this leakage problem.

We would appreciate an early reply.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/rlb



ARITEX DEVELOPMENT CORPORATION

301 SHARPSTOWN BANK BLDG.
HOUSTON, TEXAS 77036

PHONE (713) 771-6343

OPERATING FACILITIES
AT
HOLBROOK, ARIZONA

January 24, 1972

Mr. W. E. Allen, Director
Enforcement Section
Oil and Gas Conservation Commission
4515 North 7th Avenue
Phoenix, Arizona 85013

Dear Mr. Allen:

We have received your letter dated January 21, 1972, wherein you indicated the Commission presently considers our wells near Holbrook to be temporarily abandoned.

As you have been informed, when we apply pressure of 60 psig at the wellhead of Well No. 1, there is slight leakage in our cavern which we have measured to be 1.5 gallons per minute. When there is no pressure applied at the wellhead there is no leakage. We ran several logs late last summer to determine where this leakage was occurring. We were unable to pin down the exact location. Subsequent to analysis of these logs our consulting geologist advised us to leave the cavern stagnant through the winter and there would be a good chance for the leak to heal due to crystallization of the brine solution in the leak channel.

Therefore since September, 1971, the cavern has been stagnant and it is planned to leave it stagnant until June or July, 1972. At that time we will conduct tests to determine if the leakage has been stopped as anticipated. Even if the leakage has not stopped the cavern will still not be abandoned. If necessary, the next step will be to squeeze Well No. 1. We have definitely established that no leakage occurs at or adjacent to Well No. 2. The slight leakage we have experienced was occurring at or adjacent to Well No. 1. We did not choose to squeeze Well No. 1 in September because we were apprehensive about damaging it to the point where it could not be utilized as part of our injection system. However, if it must be squeezed next summer and is damaged to the point where it is not useful as an injection well, the wellhead and tubing in Well No. 2 will be revised so that it can be used to inject and recover product from the same well.

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Mr. W. E. Allen
Page 2
January 24, 1972

This was not done last September because this method of operation could substantially reduce our storage capacity and in addition, we have no product to inject this winter.

As you can see, we have not abandoned these wells and we do not intend to abandon them. When we get ready to run our test next summer, we will notify the commission so they can have a representative present if desired.

Sincerely,

ARITEX DEVELOPMENT CORPORATION

H. Norman Eagleton
H. Norman Eagleton, President

HNE/rap



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

January 21, 1972

Mr. Norman Eagleton, President
Aritex Development Corporation
301 Sharpstown Bank Building
Houston, Texas 77036

Re: Aritex Development #1 Fee Strat
NE/SE Section 6-T17N-R21E
Navajo County
Our File #530

Aritex Development #2 Fee Strat
SE/NE Section 6-T17N-R21E
Navajo County
Our File #532

Dear Mr. Eagleton:

This office has attempted to contact Mr. Tom Martin regarding your future plans for the above referenced project. Since we have been unable to contact Mr. Martin and have recently visited this project, and determined that there has been no activity for quite some time, it would be appreciated if you would advise this Commission of your future plans regarding this project.

The Commission presently considers the #1 and #2 Wells, originally drilled to be used in connection with the storage project, to be on a temporary abandon basis. It is against the Rules of the Commission to allow a well to maintain a temporary abandon status over an indefinite period. Any information that you may furnish regarding this project will be appreciated.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/r1b

June 26, 1971

Mr. H. Norman Eagleton, President
Aritex Development Corporation
301 Sharpstown Bank Building
Houston, Texas 77036

Re: Aritex Development Corp. #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

Dear Mr. Eagleton:

While visiting with Tom Martin, your Holbrook representative, on Thursday, June 24, I was informed that you people were planning certain remedial work to be performed on the above referenced well.

Rule 120 of the "Rules and Regulations" of the Oil and Gas Conservation Commission, a copy of which is enclosed, require that the Commission be informed of the general nature of the workover contemplated prior to commencing actual work. This information will be forwarded to the Commission on Form 25, a copy of which is enclosed. Please complete this form stating the general nature of the work contemplated and return to this office for our approval prior to commencing the workover operations.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA:jd
Enc.
cc: Mr. Tom Martin



ARITEX DEVELOPMENT CORPORATION

301 SHARPSTOWN BANK BLDG.

HOUSTON, TEXAS 77036

PHONE (713) 721-6343

OPERATING FACILITIES
AT
HOLBROOK, ARIZONA

June 17, 1971

Oil and Gas Conservation Commission
State of Arizona
4515 North 7th Avenue
Phoenix, Arizona 85013

Attention: Mr. W. E. Allen, Director
Enforcement Section

Gentlemen:

Re: Aritex #1 Fee Strat	Aritex #2 Fee Strat
NE/4 SE/4 Sec. 6-T-7N-R21E	SE/4 NE/4 Sec. 6-T-7N-R21E
Navajo County	Navajo County
Your File #530	Your File #532

As per your request, we are enclosing Well Completion or Recompletion Report and Well Log on the above referenced subject.

Sincerely,

ARITEX DEVELOPMENT CORPORATION

H. Norman Eagleton, President

Enclosure
HNE/rap

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JUN 18 1971

O & G CONS. COMM.

June 11, 1971

Mr. H. Norman Eagleton
Eagleton Engineering Company
P. O. Box 36117
Houston, Texas 77036

Re: Aritex #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

Aritex #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County
Our File #532

Dear Mr. Eagleton:

Thank you very much for the logs and information that you recently submitted on the above referenced wells.

It is necessary that a Well Completion Report on each well drilled in the State be filed with the Commission on the Commission's own form (Form 4). Our Files do contain completion information furnished by Robert Laugh; however, it is not on our forms. We are enclosing copies of this information. Please have someone in your organization complete Form 4 on each of your wells, sign and return to this office.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA:jd
Enc.



ARITEX DEVELOPMENT CORPORATION

301 SHARPSTOWN BANK BLDG.
HOUSTON, TEXAS 77036

PHONE (713) 771-6343

OPERATING FACILITIES
AT
HOLBROOK, ARIZONA

June 9, 1971

RECEIVED
JUN 11 1971
O & G CONS. COMM.

Oil and Gas Conservation Commission
State of Arizona
4515 North 7th Avenue
Phoenix, Arizona 85013

Attention: Mr. W. E. Allen, Director Enforcement Section

Gentlemen:

Attached are Sundry Notice and Reports on Wells for Aritex No. 1 Fee Strat and No. 2 Fee Strat, indicating the only work done on the two wells since the summer of 1970, except for the washing that was done between September, 1970, and February, 1971.

We are unable to fill out the details required by the Well Completion Report because we gave our files containing this information to Suburban Gas in early April, 1971, and they have not returned it to us. However, our recollection is that all this information was furnished you last summer. We did not furnish well logs at that time and these logs are attached herewith. As you may know, we are not doing anything with our wells at this time. We have offered to sell them to Suburban but they have not yet given us a definite answer. We haven't decided exactly what we will do if they do not purchase them but we definitely will not abandon the wells.

If you need additional information please advise.

Sincerely,

ARITEX DEVELOPMENT CORPORATION

H. Norman Eagleton
H. Norman Eagleton, President

cc: Mr. Tom Martin

Attach.
HNE/rap

June 7, 1971

Mr. H. Norman Eagleton
Eagleton Engineering Company
P. O. Box 36117
Houston, Texas 77036

Re: Aritex #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

Aritex #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County
Our File #532

Dear Mr. Eagleton:

We have several times in the past requested that you furnish this office with Completion Reports, Form 4, on the above referenced wells. We have also discussed this with Mr. Tom Martin; but, as of this date we have had no response from your office. It is necessary that these Completion Reports be received in this office at a very early date. We also need copies of any logs that may have been run on these wells.

It is also necessary that you furnish this office information regarding the recent testing that you have done on these wells, the perforations, propane recovery, and so forth. This information will be furnished on our Form 25, Sundry Notices and Reports on Wells.

We look forward to your early cooperation on the above request.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA:jd
cc: Mr. Tom Martin

April 19, 1971

Mr. H. Norman Eagleton
Eagleton Engineering Company
P. O. Box 36117
Houston, Texas 77036

Re: Aritex #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

Aritex #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County
Our File #532

Dear Mr. Eagleton:

Please refer to our letter dated March 29, 1971 requesting Completion Reports on the above referenced wells and also copies of any and all logs that were run on these wells.

Please be advised that you will not be able to secure a release of the bond covering these two wells until this information has been received by this office.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA:jd

March 29, 1971

Mr. H. Norman Eagleton
Eagleton Engineering Company
P. O. Box 36117
Houston, Texas 77036

Re: Aritex #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Navajo County
Our File #530

Aritex #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County
Our File #532

Dear Mr. Eagleton:

Please furnish this office with copies of the Completion Report, Form 4, on the above referenced wells. We would appreciate receiving this report as quickly as possible. Also, include any information that you might have pertaining to the logging and testing of this reservoir.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA:jd
Enc.

OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1824 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

August 14, 1970

Mr. H. Norman Eagleton
Eagleton Engineering Company
P. O. Box 36117
Houston, Texas 77036

Re: Aritex Development #1 Fee Strat Aritex Development #2 Fee Strat
NE SE Sec. 6-T17N-R21E SE/4 NE/4 Sec. 6-T17N-R21E
Navajo County Navajo County
Our File #530 Our File #532

Dear Mr. Eagleton:

On a recent visit with Tom Martin in Holbrook, the necessity of submitting our Form #24, Transporter's and Storer's Report, was discussed. Mr. Martin told me that these reports would be prepared by your office and requested that a supply of the forms be forwarded to you.

Once storage operations are actually in progress at your Holbrook installation, this monthly report will be required indicating the amounts of LPG injected and/or any amounts withdrawn. Your cooperation in furnishing this information will be appreciated.

Very truly yours,

W. E. Allen
Director, Enforcement Section

WEA:jd
Enc.

Eagleton Engineering Co.

P. O. BOX 36117
HOUSTON, TEXAS 77036
Phone: (713) 771-6343
Cable: EAGENG

June 29, 1970

Mr. John Bannister, Executive Secretary
Office of Oil and Gas Conservation Commission
State of Arizona
Room 202, 1624 West Adams
Phoenix, Arizona 85007

Dear Mr. Bannister:

We received your letter of June 23, 1970, requesting the current status of our proposal to drill a water well at Holbrook. The reason we have not followed through obtaining a bond to cover this well, is a decision made in May to make only absolutely essential expenditures on this project until all testing of the cavern has been completed. As now planned, we will hydrostatically test the cavern on July 13, and begin injecting some propane within a week thereafter, if the hydrostatic test is satisfactory. After injecting several hundred barrels of propane into the cavern, we will try to get 10,000 gallons (one truck load) of propane out to make sure it is recoverable. When all of this has been completed satisfactorily, we will again consider the need for the water well.

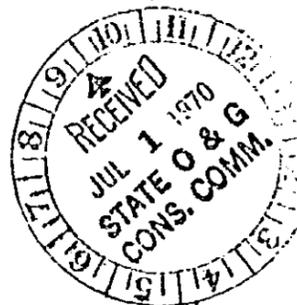
If you have any additional questions, please advise.

Sincerely,

EAGLETON ENGINEERING COMPANY

H. Norman Eagleton
H. Norman Eagleton

cc: Tom Martin
HNE:rap



Eagleton Engineering Co.

P. O. BOX 36117
HOUSTON, TEXAS 77036
Phone: (713) 771-6343
Cable: EAGENG

March 25, 1970

Oil and Gas Conservation Commission
State of Arizona
1624 West Adams (Room 202)
Phoenix, Arizona 85007

Attn: Mr. John Bannister

Re: Aritex Development #1 Fee Strat
NE/4 SE/4 Section 6
T17N, R21E, G & SRM
Navajo County
Our File #530

Aritex Development #2 Fee Strat
SE/4 NE/4 Section 6
T17N, R21E, G & SRM
Navajo County
Our File #532

Dear Mr. Bannister:

In response to your request of March 16, 1970, the following information is submitted:

	<u>#1 Fee Strat</u>	<u>#2 Fee Strat</u>
Surface Elevation	5077.6	5077.5
Top of Coconino	138	139
Top of Supai	775	774

According to our consulting geologist, Mr. Robert E. Lauth, there is good water potential in river gravel at depths between 121 and 138 feet and in a relatively porous section of the Coconino Sandstone between 138 and 160 feet.

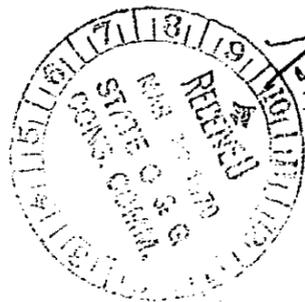
We plan to drill a water well within the next 30 to 60 days and will send the analysis of the water to you as soon as it is available.

Sincerely,

EAGLETON ENGINEERING COMPANY

H. Norman Eagleton
H. Norman Eagleton

HNE:mjp



530

March 16, 1970

Mr. Norman Eagleton
P. O. Box 36117
Houston, Texas 77036

Re: Aritex Development #1 Fee Strat
NE/4 SE/4 Section 6
T17N, R21E, G & SRM
Navajo County
Our File #530

Aritex Development #2 Fee Strat
SE/4 NE/4 Section 6
T17N, R21E, G & SRM
Navajo County
Our File #532

Gentlemen:

The Commission will very much appreciate it if you would immediately furnish us for our records the formation tops encountered in the captioned wells. Further, should you have made any analysis of underground waters encountered, we would appreciate this information also.

It will be necessary when your water well is drilled that analysis of all waters encountered be furnished to this Commission. This, of course, will be the basis of comparison should there be any claims of pollution due to your operations. Consequently, this Commission considers this information vital. Your cooperation will be appreciated.

Sincerely,

John Bannister
Executive Secretary

JB:jd

cc: Tom Martin, Holbrook, Arizona

blind c.c. to Dr. E. L. Gillespie, U.S.G.S. Flagstaff 86002

March 13, 1970

Mr. Don H. Miller
2753 Stardust Court A-10
Jacksonville, Florida 32211

Dear Mr. Miller:

Thank you for your letter of March 5, 1970. For your information Eagleton Engineering Company has been permitted for two wells in Navajo County, Section 6-T17N-R21E. The first well, our file #530, is located in the NE/4 SE/4 and the second well, our file #532, is located in the SE/4 NE/4 of Section 6. Eagleton Engineering Company's address is P. O. Box 36117, Houston, Texas 77036.

Mr. O. R. Thoureen has also permitted two wells with this Commission. The first well is the Thoureen #1 Santa Fe located in NE/4 SW/4 of Section 27-T21N-R26E, Apache County, and is our File #504. The second well is the Thoureen #1 Navajo 1767 located in NE/4 SW/4 of Section 25-T21N-R25E, Apache County, and is our File #505. No information can be released on these wells at this time as they are both in confidential status.

If there is any other information we can provide, please advise.

Sincerely,

John Bannister
Executive Secretary

jd

2753 Stardust Ct. A-10
Jacksonville, Fla 32211
March 5, 1970

Oil and Gas Conservation Commission
State of Arizona
1624 West Adams Street
Phoenix, Arizona

Atten: Mr. John Bannister,
Secretary

Dear Mr. Bannister:

Kindly be advised I would greatly appreciate if I could be advised if Bagleston Engineering is conducting a drilling operation in T. 17N., R. 21E., section 6, Navajo County, Arizona. Could I be furnished the address of this Operator.

Last year at one time I understood Mr. O. R. Thourson of Chicago filed for intention to drill in T. 20N., R. 25E., and R. 26E., Apache County, Arizona but have read nothing further on this. I would appreciate if I could be furnished any information relative to this matter at the convenience of the Commission.

Thank you for this and past courtesies and am enclosing a self addressed stamped return envelope for your convenience.

Respectfully yours

Don Miller
Don H. Miller



530



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

March 12, 1970

Memo from John Bannister

Re: Files 530 and 532
Aritex No. 1 and No. 2

On March 10 and 11, 1970, the storage project involving these two wells has been inspected. Mr. Tom Martin of Eagleton Engineering Company and Mr. James Baldry of Aritex have been contacted. Eagleton Engineering Company is setting up the storage project and Aritex is a corporation which has been formed to manage the propane project. Mr. Martin represents Eagleton and Mr. Baldry is being employed by Aritex.

As to Well No. 1, Permit No. 530, a small cable tool rig has been brought in and is currently drilling out cement. After the hole has been opened, Halliburton will run a wire line to determine accurately total depth and 4-1/2" tubing will then be set to approximately 1150', which will bring this tube down to an anhydrite section approximately 40' below the top of the salt. This 40' section is both overlain and underlain by anhydrites and should prove ideal for storage purposes.

The No. 2 well, Permit 532, has been drilling 400' to the north of Well No. 1, currently at a total depth of 760'. As I left the site there had been a twist off and 240' of drill pipe and the drill bit was left in the hole; however, due to the nature of the twist off, it should be easily recovered by a spear.

Initially, Well No. 2 will be drilled to a depth of approximately 1200' and 7" casing set through the total salt zone to be used. A collar and cement plug will be set at bottom hole below the lowest anhydrite section. The well will be perforated into the lower salt zone. It is intended to use a fresh water frack by Halliburton through these perforations until communication is

Page 2
Memo from Mr. Bannister
March 12, 1970

established with Hole No. 1. The brine will be taken at this time through the 4-1/2" tubing in Well No. 1 and will be temporarily ponded. Once the storage cavern has been created, Well No. 2 will also have 4-1/2" tubing run. At this time, brine water will be injected through Well No. 1 into a storage cavern to displace propane for production purposes.

Propane will be brought to the storage area by tank car from the Cineza plant east of Gallup, New Mexico. Holbrook seems to be the central distribution point for propane in Arizona and this location seems to be ideal for this purpose. If the project is successful, Southern Pacific will extend a spur from the railroad located some 100 feet from the southern boundary of Aritex property. Propane will be moved both by tank car and truck.

If the initial phase now being undertaken is successful, it is intended to immediately create three such underground storage caverns. Each cavern will involve the use of two wells as outlined above. Each cavern will be approximately 400 feet long by 80 feet wide by 40 feet high and will contain approximately 150,000 barrels each of propane. A permanent brine pond of approximately 200,000 barrels capacity will be maintained. This brine will be used to displace the propane in storage. It is decided to use a saturated solution of brine, inasmuch as when introduced into the cavern it will not enlarge same.

Prior to contacting Mr. Martin and Mr. Baldry, I contacted Mr. W. S. Carpenter, City Manager of Holbrook. Mr. Carpenter has been thoroughly advised as to the proposed plans and progress of this project. Mr. Carpenter advises that there are no fresh water wells within a three mile are of the project and that the city is satisfied that no contamination can or will occur from the ponding operations. Mr. Carpenter joined me in my initial inspection of this project.

As a result of my meeting with Mr. Martin and Mr. Baldry, this Commission has ordered that the necessary well signs be erected and maintained, and has again advised that all wells drilled for this project, regardless of their purpose, must be permitted by this Commission and samples collected.

Page 3
Memo from Mr. Bannister
March 12, 1970

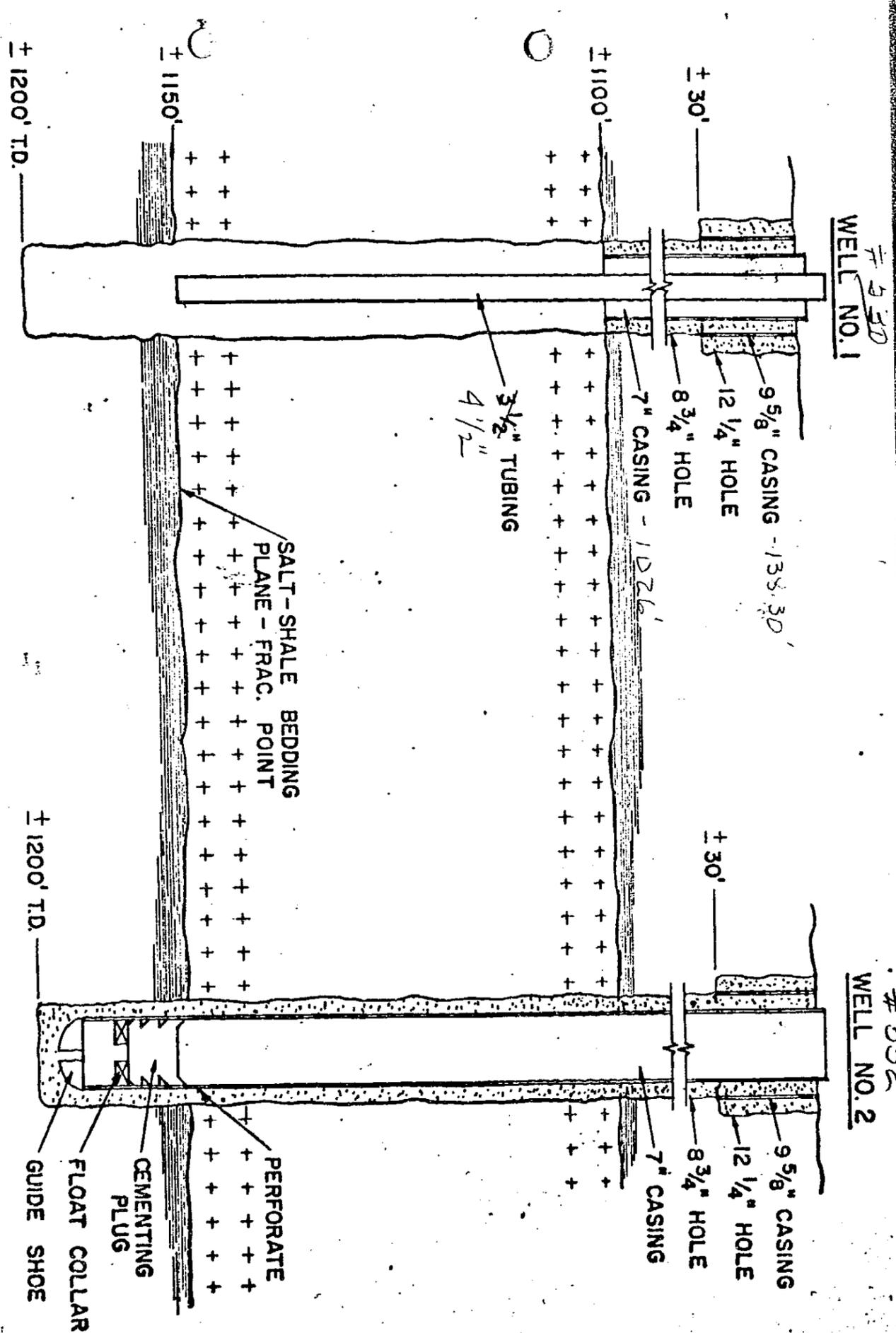
The Commission insisted that some method of evacuation of the contents of the large permanent brine pond be established so that it could be emptied in the event of any emergency. In the event of a severe emergency the contents of the pond could be put back into underground storage. This, of course, would necessitate a loss of the stored propane. The Commission suggested that the pond, in effect, be cut in half so that in the event of emergency the contents of the pond in either section could be transferred to the other section and any repairs be made that might be necessary. It was further suggested that, in establishing the bottom of the permanent pond, the recovered brine be evaporated and the salt worked by sheephead well into the bottom. These suggestions will be followed.

Mr. Martin outlined a proposal to insert 6 to 7" piping from his pump into both sections of the pond, which would give him a method of transferring the contents from one section of the pond to the other. The suggested division of the pond was most favorably received in that it will give the company a greater control of the brine and percentage concentration plus give the company a readily available means of doing any repair work necessary to the pond without undue loss of its contents.

I would like to say Mr. Martin and Mr. Baldry were most cooperative with this Commission and I feel that their continued cooperation is assured.

Please see File 530 for photographs of the above-captioned wells and temporary ponds, also for initial plans concerning proposed wellheads and initial ponding of water.

John Bannister



SOLUTION WELL SCHEMATIC PREPARATORY TO FRACTURING

FIG. 1

PROPOSED DEVELOPMENT OF SOLUTION WELLS

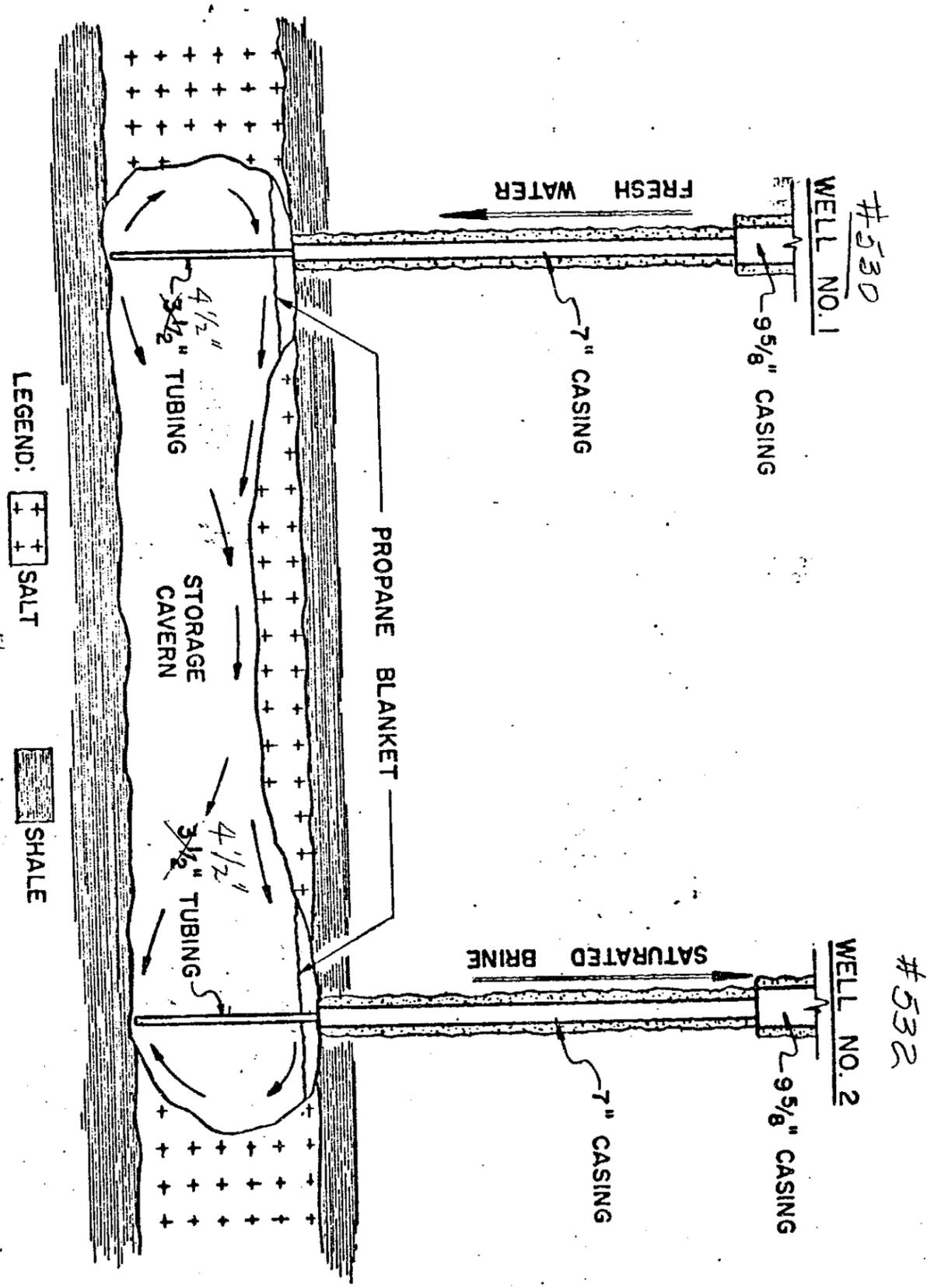


FIG. 2

March 12, 1970

Mr. Norman Eagleton
P. O. Box 36117
Houston, Texas 77036

Re: Aritex Well No. 1 and Well No. 2 and
Proposed Propane Underground Storage Project,
Holbrook, Arizona
Our Files No. 530 and 532

Dear Mr. Eagleton:

First, I would like to express my appreciation for the many courtesies and cooperation I received from Mr. Tom Martin of your organization and Mr. James Baldry of Aritex on the occasion of my recent visit to the captioned project.

This Commission was delighted to learn that your organization has developed a wonderful relationship with the citizens of Holbrook as well as with the city administration. This, undoubtedly, will have great benefit to the project you are undertaking.

As a result of my meeting with your representatives, this Commission requests that you take the following actions:

1. Immediately, there should be erected a sign at each of the captioned wells and at all future well sites, which sign shall contain the name of the well, its quarter-quarter, section, township and range location, and the state permit number. Upon completion, a similar identification sign should be permanently attached to the wellhead.

Page 2
Mr. Norman Eagleton
March 12, 1970

2. In order to avoid any misunderstanding, any and all wells regardless of purpose, which are drilled in connection with this project must be permitted by this Commission.

3. It is my understanding that you intend to construct and permanently maintain a pond capable of containing 200,000 barrels of salt brine for this operation. As a part of your planning for this pond's construction, it will be necessary that this pond can be quickly emptied in the event of an emergency which may threaten surface or sub-surface pollution. It is suggested that in establishing this pond it be divided in half and arrangements made for the transfer of the contents from one section to the other. This ponding operation and preparation of the pond bottom for sealing purposes has been fully discussed with Mr. Tom Martin. The prime requirement here is that the pond be capable of being evacuated quickly for repair if and when necessary.

4. This Commission must be immediately notified when any unusual loss of the contents of the brine storage pond has been detected. It is suggested that some visual means of measurement of the contents of this pond be established.

This Commission is, of course, concerned with any potential escape of the brine stored in the ponds as a possible threat to underground fresh water; consequently, the above requirements are made. It is not our intention in any way to interfere with your operations; however, it is most necessary that all care be taken to prevent escape of your brine in any manner. Surface examination of the area where the ponding of the brine will be conducted indicates an area most favorable for this operation.

Page 3
Mr. Norman Eagleton
March 12, 1970

Again, let me express my appreciation for your cooperation and help. If we may be of service or help to you in any way, please do not hesitate to contact us.

Sincerely,

John Bannister
Executive Secretary

JB:jd

cc: Mr. Tom Martin

206 CENTURY BLDG.

OFFICE 247-0025
RESIDENCE 247-3190

ROBERT E. LAUTH
GEOLOGICAL CONSULTANT
P. O. BOX 776
DURANGO, COLORADO
81301

March 6, 1970

Four Corners Sample Cut Assn
641 West Broadway
Farmington, New Mexico 87401

Re: Samples, 145 to 1100 feet
Aritex Development Corp.
No. 1 Fee Strat
NESE Sec 6 T17N, R21E
Navajo County, Arizona

Gentlemen:

On Tuesday evening March 3, 1970, I left three boxes of the above captioned samples at your back door with a note that more pertinent details and instructions would follow.

Please make the necessary sample cuts as required by the Arizona Oil and Gas Conservation Commission. The billing invoice should be sent (three copies) to Aritex Development Corp. P.O. Box 187 Holbrook, Arizona 86025.

Aritex will drill one more well, the No. 2 Fee Strat very shortly (about 2 weeks). I'll leave the samples when drilled with you when I come back in. Instructions for the No. 2 well is the same as on the No. 1 well.

Thank you,

RE Lauth
Robert E. Lauth

cc Ariz. O&G Conservation Comm.
1624 West Adams Rm 202
Phoenix Ariz. 85007
cc Aritex Develop. Corp.
P.O. Box 187
Holbrook Ariz. 86025



530

Eagleton Engineering Co.

P. O. BOX 36117
HOUSTON, TEXAS 77036
Phone: (713) 771-6343
Cable: EAGENG

March 2, 1970

Oil and Gas Conservation Commission
State of Arizona
1624 West Adams (Room 202)
Phoenix, Arizona 85007

Attn: Mr. John Bannister

Re: Aritex #1 Fee Strat
NE/4 SE/4 Sec. 6
T17N, R21E, G&SRM
Permit #530

Dear Mr. Bannister:

We have received your letter of February 26, 1970. U.S. Fidelity and Guaranty Company has proceeded diligently in preparations required to file the bond with the Commission. We have paid for the bond and you should receive it soon, but it had to be forwarded to you through an Arizona agent.

Regarding the organization report, in our letter to you dated February 6, we stated that Thomas J. Martin and James S. Baldry were to be construction superintendent and drilling superintendent, respectively, on the well (or future wells) to be drilled in Arizona. We erroneously thought that your requirement for the organization report was to determine the qualifications of the people charged with the responsibility for drilling the wells. Since this was not the information you desired, the names and addresses of the Aritex Development Corporation's officers are listed below:

Original used
as
the
Organization
Report

President	-	H. Norman Eagleton 301 Sharpstown Bank Building Houston, Texas 77036
Vice President	-	Ralph Curton, Jr. 306 Westgate Building Austin, Texas 78701
Sec. -Treasurer	-	James H. Westmoreland Bryan, Patton & Westmoreland 550 The 1212 Main Building Houston, Texas 77002



-2-

Mr. John Bannister
Oil and Gas Conservation Commission
Phoenix, Arizona

March 2, 1970

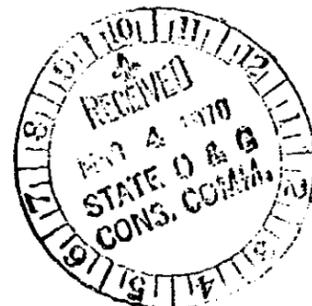
We hope the above information will straighten out any confusion we have caused, and that we can continue our operations in Arizona without necessitation of legal action on the part of the Commission.

Sincerely,

EAGLETON ENGINEERING COMPANY

H. Norman Eagleton
H. Norman Eagleton

HNE:mjp





UNITED STATES FIDELITY AND GUARANTY COMPANY
PHOENIX OFFICE
3605 N. 7TH AVENUE, PHOENIX, ARIZONA 85013
TELEPHONE: 602/277-4411

T. D. GIBSON
MANAGER

February 27, 1970

Arizona Oil & Gas Conservation Commission
1624 West Adams Suite 202
Phoenix, Arizona

Re: Bond No. 29-0130-109-70
Principal: Eagleton Engineering Co.
Amount: \$5,000.00
Effective Date: 2-6-70

Gentlemen:

At the request of our Houston Branch Office,
we are attaching herewith original of the above captioned
bond, properly executed and countersigned, for filing.
We trust you will find same to be in proper order,

Thank you for your assistance in this matter.

Yours Sincerely,

Glenna Crum
Bond Department

Enclosure

CC:



February 25, 1970

Mr. H. Norman Eagleton
Eagleton Engineering Company
P.O. Box 36117
Houston, Texas

Re: Aritex #1 Fee Strat
NE/4 SE/4 Sec. 6
T17N, R21E, G&SRM
Permit #530

Dear Mr. Eagleton:

On February 9, 1970, this Commission issued our Permit 530 to you to drill the captioned well. This permit was issued on your assurance that an organization report for Aritex Development Corporation was in the mail to this Commission in compliance with our regulations and in reliance on a letter issued by U.S. Fidelity and Guaranty Company of Houston, Texas, that a bond would be furnished to this Commission. Neither the organization report nor bond have as yet been filed with this Commission.

On February 6, 1970, U.S. Fidelity and Guaranty Company informed this Commission that they were writing a bond for the Eagleton Engineering Company. Our Attorney General has advised us that this does, without qualification, bind U.S. Fidelity and Guaranty Company to this Commission.

This letter is to request that you put your well in compliance with our regulations by furnishing immediately the necessary organization report and that you have U.S. Fidelity and Guaranty Company issue the necessary bond to this Commission. Failure to comply with the rules and regulations of this Commission will necessitate legal action on the part of the Commission. It is not our desire to cause you undue hardship but you must bring this well in compliance with our regulations.

Your immediate response to this will be appreciated.

Yours truly,

John Bannister
Executive Secretary

JB/vb

cc-U.S.F&G

February 9, 1970

Mr. H. Norman Eagleton
Eagleton Engineering Company
P. O. Box 36117
Houston, Texas 77036

Re: Aritex Development Corporation #1 Fee Strat
NE/4 SE/4 Sec. 6
T17N, R21E, G & SRM
Permit #530

Dear Mr. Eagleton:

Enclosed please find our Receipt No. 2864 covering the \$25 filing fee, your Application for Permit to Drill which has been approved, and our Permit To Drill No. 530. Also enclosed are instruction sheets pertaining to samples and reports required by this office.

We are in receipt of your letter dated February 6 and also that of the United States Fidelity & Guaranty Company. We have supplied them with bond forms and will expect to receive the processed bond in the near future. We are also expecting the completed Organization Report mentioned in your letter. If there is any way we can be of service please advise.

Sincerely,

John Bannister
Executive Secretary

jd
Enc.

Eagleton Engineering Co.

February 6, 1970

P. O. BOX 36117
HOUSTON, TEXAS 77036
Phone: (713) 771-6343
Cable: EAGENG

John Bannister, Executive Secretary
Oil and Gas Conservation Commission
Room 202
1624 West Adams
Phoenix, Arizona 85007



Dear Mr. Bannister;

A letter from U. S. F. & G. is being sent to you today whereby they agree to provide the bond as set forth in Section 101 of the Rules and Regulations of the Arizona Oil and Gas Conservation Commission. The bond is naming me (H. Norman Eagleton) as principal.

In accordance with Form 3, we are to submit to you our organizational structure. We are in the process of setting up a corporation for accounting purposes and tax purposes. However, I will be the largest single stockholder and the president, and therefore will be held personally responsible for operations and obligations of the corporation. This is the reason that U. S. F. & G. indicates me as an individual as principle on the bond.

The construction superintendent for developing this well into a propane storage cavern will be Mr. Thomas J. Martin. Tom worked for seventeen years for Warren Petroleum Company and was their superintendent in charge of developing salt cavern storage at Tyler, Texas, and at Venice, Louisiana.

The drilling superintendent during the drilling program will be Mr. James S. Baldry. As you probably know, Jim has many years experience in drilling. His most recent experience being the drilling superintendent for Arkla during their exploration for potash southeast of Holbrook. Upon completion of the drilling program, Jim will assist Tom Martin in developing the propane storage cavern. When cavern development is completed Tom Martin will return to Houston and Jim Baldry will be in charge of operating the cavern.

The above organizational structure will prevail whether the propane storage operation becomes a separate corporation or remains under my ownership as a proprietorship. I feel we are fortunate to have men of the caliber of Tom Martin and Jim Baldry working on this project and hope you will agree.

Letter to John Bannister, Continued, Page 2.

I hope the above information, the bond arrangement, and the Form 3 submitted by Jim Baldry are all satisfactory to you and that you can issue our permit to commence drilling.

If additional information or progress reports are desired, please advise.

Very truly yours,

EAGLETON ENGINEERING CO.

H. Norman Eagleton
H. Norman Eagleton

HNE:jge





UNITED STATES FIDELITY AND GUARANTY COMPANY

3401 FANNIN STREET, P. O. BOX 8426

HOUSTON, TEXAS 77004

TELEPHONE: 713/JACKSON 6-1551

K. C. PTOMEY
MANAGER

JOHN F. ROUGAGNAC
ASSISTANT MANAGER

February 6, 1970

JOSEPH S. KNIGHT
SUPERINTENDENT - CLAIMS

AIR MAIL

Oil & Gas Conservation Commission
State of Arizona
1624 West Adams - Suite 202
Phoenix, Arizona 85007

Re: Eagleton Engineering Co.
Well in SE 1/4 of Section 6
Township 17 North Range 21 East
Navajo County, Arizona

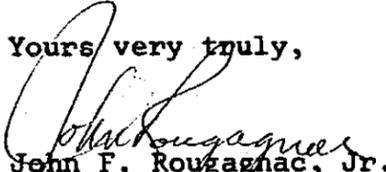
Gentlemen:

We have agreed to write a single \$5,000 Drilling Permit Bond effective February 6, 1970 to your Department for Eagleton Engineering Co. covering the well described in caption, and as described in detail in their application submitted to your Department on February 3, 1970.

Please forward your standard bond form for our execution and return.

Thank you for your attention to this matter.

Yours very truly,


John F. Rougagnac, Jr.
Assistant Manager

JFR;am

530



U. S. F. & G.

ARITEX DEVEL. #1 FEE STRAI
NE SE 6-17N-21E NAVAJO CO.

530

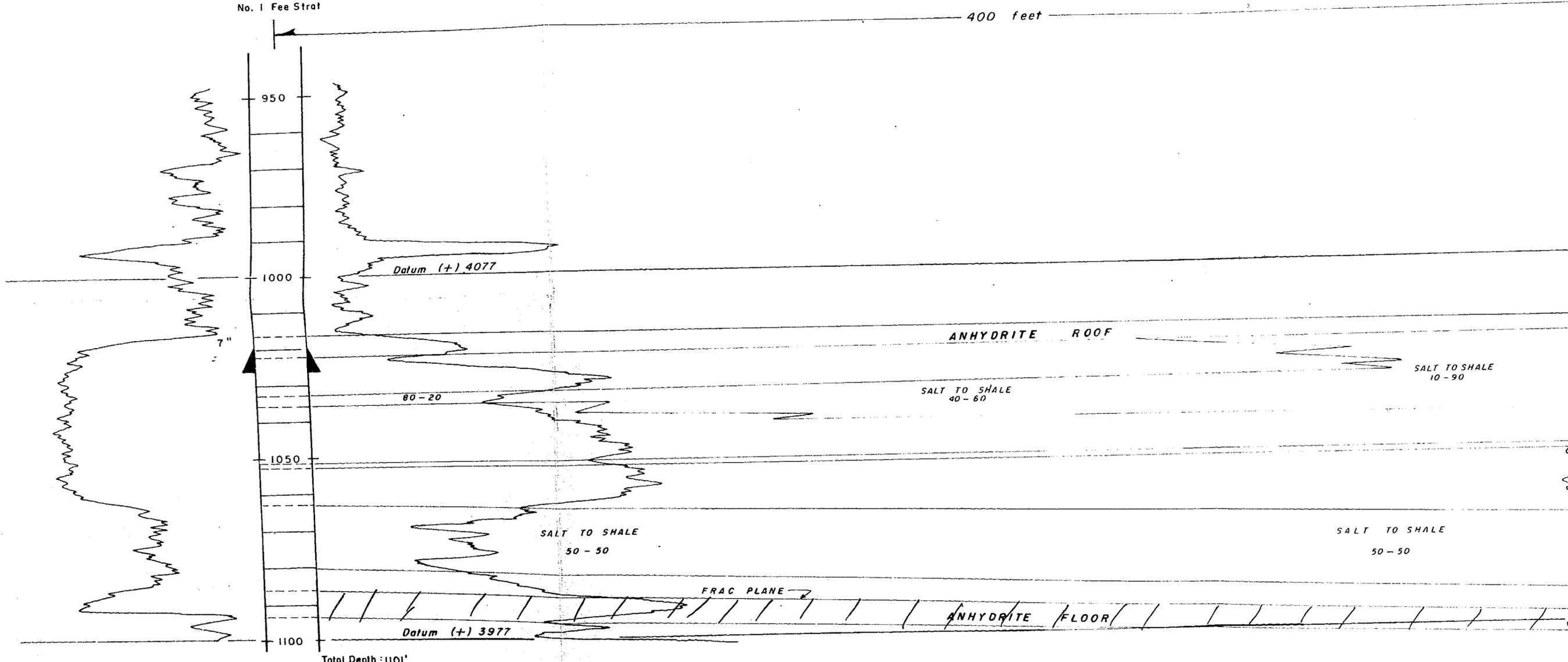
APL

SOUTH

530

ARITEX Development Corp.
NESE Sec. 6-17 N-21E
Navajo County, Arizona
No. 1 Fee Strat

400 feet



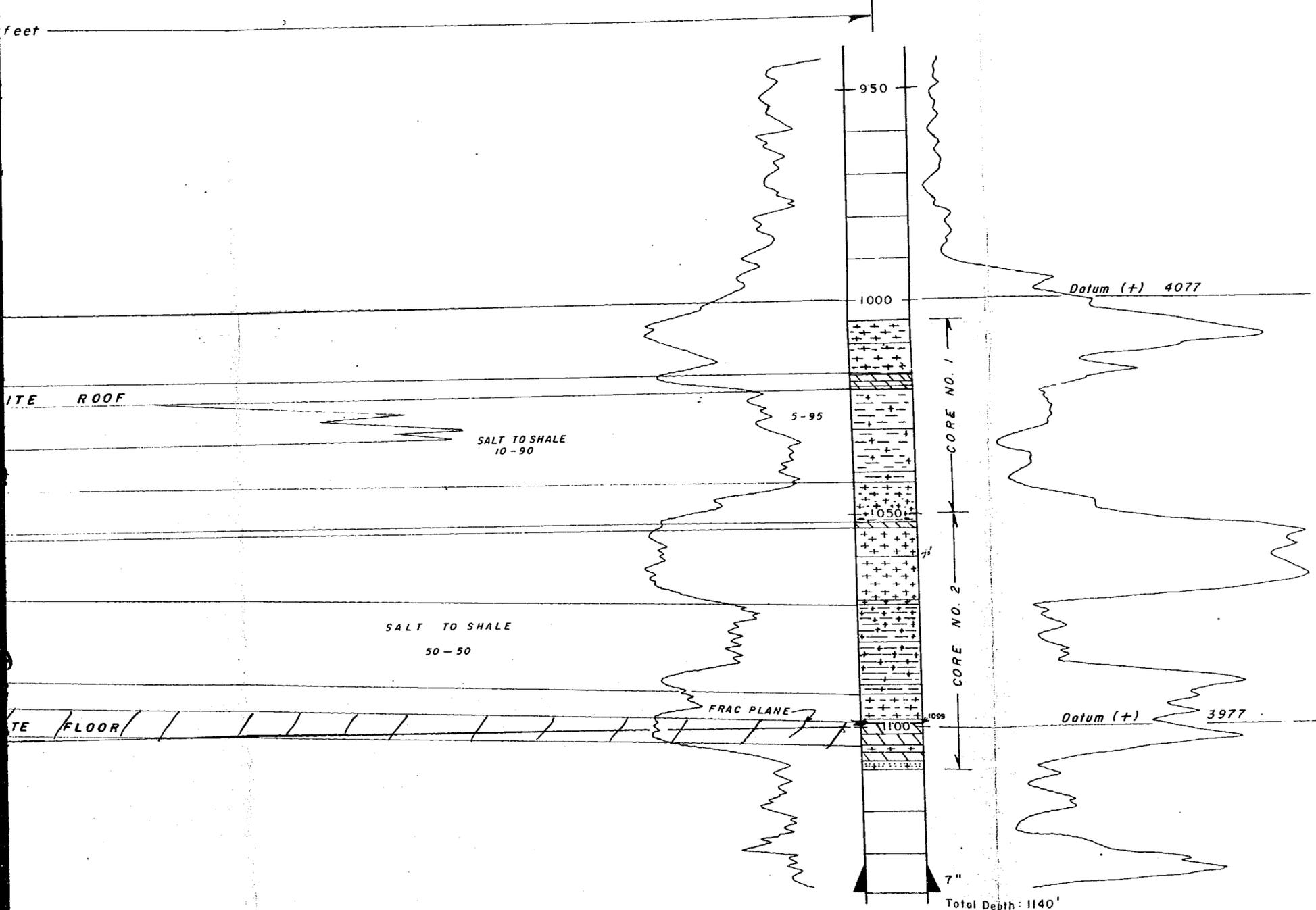
ARITEX DEVELOPMENT CORPORATION
PROPANE STORAGE AREA
HOLBROOK, ARIZONA

SCALE: Horizontal & Vertical: 5" = 100 feet

NORTH

ARITEX Development Corp.
SENE Sec. 6 - 17N - 21E
Navajo County, Arizona
No. 2 Fee Strat

feet



LEGEND

-  SHALE & VERTICAL SALT
-  SALT & VERTICAL SHALE
-  SHALE
-  ANHYDRITE
-  SALT

EXHIBIT I

Robert E. Smith