



OIL CONSERVATION DIVISION
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State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

RAY POWELL, M.S., D.V.M.
COMMISSIONER

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January 25, 1995

Campbell, Carr, Berge, Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attn: Mr. William F. Carr

Re: Vacuum Drinkard Cooperative Pressure Maintenance Project
NMOCD Case No. 11152
Lea County, New Mexico

Dear Mr. Carr:

This office is in receipt of your letters of December 1, 1994 and December 9, 1994 notifying this office of NMOCD Case No. 11152. In your letter you advised this office that Texaco, Marathon and Shell are proposing to implement a cooperative pressure maintenance waterflood project on nine State leases.

It is our understanding that the production from this cooperative waterflood project will be on a lease basis and that there will be uncompensated migration between leases.

Since production from this project will be on a lease basis, please be advised of the following:

- A. The lease terms are not amended to coincide with the cooperative agreement term, and injection wells will not extend the normal lease term.
- B. Commingling and off-lease storage of production will have to be approved by this office.
- C. Roads and pipelines crossing different leases will require a right-of-way.
- D. Foreign production stored on state lands will require a business lease.

Campbell, Carr, Berge, Sheridan, P.A.

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If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMES B. LEWIS, Director

Oil, Gas and Minerals Division
(505) 827-5744

RP/JBL/pm

cc: Reader File

OCD-Attn: Mr. David Catanach, Mike Stogner