



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL FIELD OFFICE
2909 West Second Street
Roswell, New Mexico 88201-2019

IN REPLY REFER TO:
3160 (3105.2-2)
NM-97157
LC-065194

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12393 Exhibit No. 10
Submitted By:
Santa Fe Snyder Corporation
Hearing Date: May 18, 2000

New Mexico Oil Conservation Division
Attn: Mr David R. Catanach
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case 12393
Application of Santa Fe Snyder Corporation
for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Catanach,

This letter is in reference to the above case and the Bureau of Land Management's regulation and policy concerning the communitization of multiple leases when a single federal lease can be developed in conformity with established well spacing patterns.

Federal Regulation 43 CFR 3105.2-3 concerning communitizations or drilling agreements states the following:

3105.2-2 Purpose

When a lease or a portion thereof cannot be independently developed and operated in conformity with an established well-spacing or well-development program, the authorized officer may approve communitization or drilling agreements for such lands with other lands, whether or not owned by the United States, upon a determination that it is in the public interest. Operations or production under such an agreement shall be deemed to be operations or production as to each lease committed thereto.

As stated in the regulation the objective of communitization is to provide for the development of separate tracts which cannot be independently developed or operated in conformity with well spacing patterns established in the area. As a general guideline communitization will not be authorized when a single Federal lease or unleased Federal acreage can be fully developed and still conform to an optional (North-South or East-West spacing) pattern established by State order.

In certain instances the Bureau of Land Management will approve a communitization even though the lease can be independently developed in conformance with state established spacing if adequate engineering and/or geological data is presented to indicate that communitizing two or more leases or unleased Federal acreage will result in more efficient drainage of an area.

If you have any questions concerning this matter please call Alexis C. Swoboda, 505-627-0228.

Sincerely yours,

Larry D. Bray
Assistant Field Manager
Lands and Minerals Division

