

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766

ADMINISTRATION
Phone (505) 827-5700
Fax (505) 827-5853

GENERAL COUNSEL
Phone (505) 827-5713
Fax (505) 827-4262

PUBLIC AFFAIRS
Phone (505) 827-5765
Fax (505) 827-5766



New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.

COMMERCIAL RESOURCES
Phone (505) 827-5724
Fax (505) 827-6157

MINERAL RESOURCES
Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES
Phone (505) 827-5793
Fax (505) 827-5711

April 10, 2000

Kellahin and Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Attention: Mr. W. Thomas Kellahin

Re: SEMU Well No. 135
Conoco, Inc.
Preliminary Approval for Expansion of the SEMU Unit
SW/4SE/4 Section 25-20S-37E
North Hardy-Tubb Drinkard Pool, Lea County, New Mexico

Dear Mr. Kellahin:

We are in receipt of your letter of March 28, 2000 requesting preliminary approval for the expansion of the Southeast Monument Unit Area ("SEMU") to include a 40-acre tract of State of New Mexico lands.

We concur with the New Mexico Oil Conservation Division's letter of January 3, 2000 which denied Conoco's application request for a non-standard location, and standard proration for the subject well in the North Hardy Tubb Drinkard pool. We have been informed that Conoco, Inc. is attempting to unitize or possibly communitize the W/2SE/4 of said Section 25 in order to save this wellbore and therefore produce the well.

We regret to inform you that the Southeast Monument Unit is a strictly "Federal" unit agreement. The Commissioner of Public Lands has no authority to expand this unit agreement to include the SW/4SE/4 of Section 25, Township 20 South, Range 37 East to include an additional 40.00 acres.

An 80.00 acre exploratory unit agreement covering the W/2SE/4 of Section 25-20S-37E is not feasible because the SW/4SE/4 of Section 25, Township 20 South, Range 37 East is already committed to the Eumont Hardy Unit which is being operated by Permian Resources. Also exploratory unit agreements have a five-year automatic elimination provision.

We also reviewed the possibility of communitizing the W/2SE/4, but we concur with the NMOCD's position. We do not advocate the creation of a non standard proration unit for this pool and therefore do not support this alternative.

Kellahin and Kellahin
April 10, 2000
Page 2

Since the Eumont Hardy Unit contains both State and Federal lands, perhaps expanding the Eumont Hardy Unit can be another alternative.

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

for BY: 
JAMI BAILEY, Director

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

RP/JB/pm

pc: Reader File, **OCD-Attention: Mr. Michael Stogner**
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez