



Stephanie Garcia Richard
COMMISSIONER

HOBBS OCD
JUN 27 2019

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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

COMMISSIONER'S
OFFICE

Phone (505) 827-5760
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www.nmstatelands.org

June 24, 2019

Certified Mail # 7018 1130 0001 5847 3164

Pyrite Investments, LTD.
ATTN: Alan D. Means, PE
PO Box 272
Midland, TX 79702

Re: Conditional Reinstatement and Pending Cancellation of Oil and Gas Lease B0-9642-6

On-lease Wells:

- ❖ Chem State # 1 (30-025-08012)
- ❖ Chem State # 4 (30-025-23075)

Dear Mr. Means,

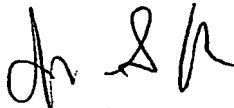
Thank you for your letter dated April 15, 2019, wherein you requested the reinstatement of the subject lease. As you know the subject lease was effectively expired December 6, 2018 due to a lack of production. Upon your request a field inspection was ordered and completed on the leased location on April 29, 2019. Said inspection cited that the Chem State # 4 was in operation and although the Chem State # 1 was not in operation at the time of inspection, it is assumed to be operating because there was electricity to the well. Due to the observed operation of the wells and recently bringing the production reports for the associated wells up-to-date with NMOCD, this lease has been reinstated. However, please note that this is the third time this lease has been expired and reinstated due to the lessee/operator's admitted late reporting production to the NMOCD; any future occurrences of late reporting leading to lease expiration will not be forgiven and the lease will remain expired.

The field inspection also cited that there is oil on the ground near the well head, large debris, and trash, all of which is required to be cleaned up. It was also noted that the Chem State # 1 has deteriorating belts, cracked electrical casing and are in need of repair. Additionally, it has been discovered that Pyrite Investments, LTD does not have a Surface Damage Bond with our office as required by law. All of the above issues must be remedied within 30 calendar days, from the certified mail date of this letter, in order to bring this lease into compliance or this lease will be subject to cancellation.

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Please contact Oil and Gas Lease Manager, Kenda Montoya at kmontoya@slo.state.nm.us or (505) 827-5749 with questions regarding this letter.

Respectfully,



Jordan Kessler
Assistant Commissioner of Mineral Resources

CC: Cambrian Management, LTD
PO Box 272
Midland, TX 79701

CC: NMSLO Hobbs District Office
ATTN: Kelli Fox, Assistant Director of Field Operations
1001 S. Atkinson
Roswell, NM 88201

CC: New Mexico Oil Conservation Division
ATTN: Paul Kautz, Acting District Supervisor
1625 N. French Drive
Hobbs, NM 88240

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