

30-015-22941



**Aubrey Dunn**  
**COMMISSIONER**

***State of New Mexico***  
***Commissioner of Public Lands***

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**COMMISSIONER'S OFFICE**

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Amtex Energy, Inc.  
ATTN: Mr. William J. Savage  
PO Box 3418  
Midland, TX 79702

June 6, 2017

RE: 2017 Plan of Development  
Merchant State Unit  
Lea County, NM

Dear Mr. Savage:

The New Mexico Commissioner of Public Lands has this date approved the referenced Plan of Development. Our approval is subject to like approval by all relevant agencies.

We may contact you at a later date regarding the following:

- The possibility of drainage by wells outside the unit area, and
- A need for further development of the unit.

We have noted that production for this unit is marginal, although production has improved since unit inception in 2013. Your current Plan of Development indicates that Amtex intends to drill a horizontal Avalon well in 2017. You should be aware that under the terms of Section 9 of the Merchant State Unit Agreement, "all undeveloped regular well spacing or proration unit tracts within the unit boundaries shall be automatically eliminated from this agreement...unless at the expiration of five (5) years after the first day of the month following the effective date of this agreement diligent drilling operations are in progress on said tracts." Automatic elimination would therefore occur on 8/1/2018.

Your 2018 Plan of Development should include (1) a continuing evaluation of the possibility of additional resource production within the unit, and (2) a map that illustrates both current and planned unit infrastructure: well locations, tank batteries, gathering systems, and any other facilities that may impact the surface of New Mexico State Trust lands.

If you have any questions or if we may be of further assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791.

Respectfully,

A handwritten signature in black ink, appearing to read "Aubrey Dunn", is written over the printed name and title.

AUBREY DUNN  
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: OCD - Daniel Sanchez

BLM - Chris Walls

Units and OGMD Reader Files