



Aubrey Dunn
COMMISSIONER

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Commissioner of Public Lands

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Benson-Montin-Greer Drilling Corp.
ATTN: Mr. Zach Stradling
4900 College Boulevard
Farmington, NM 87402

R-3610

August 1, 2017

RE: 2017 Plan of Development
La Plata Mancos Unit
San Juan County, NM

Dear Mr. Stradling:

The New Mexico State Land Office 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.

In addition, we have noted that production for this unit is currently from two wells and that this production has been declining over the past five years. This decline concerns us. You should be aware that under the terms of Section 20 (Effective Date and Term) of the La Plata Mancos Unit Agreement:

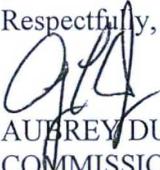
This agreement ...shall terminate ...unless (c) a valuable discovery of unitized substances has been made or accepted on unitized land... in which event the agreement shall remain in effect for such term and so long as unitized substances are produced in quantities sufficient to pay for the cost of producing same from wells on unitized land...and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered are produced as aforesaid,...

Your 2018 Plan of Development should include

- (1) an economic evaluation with sufficient detail to show that the La Plata Mancos Unit #003 (30-045-20329) and the La Plata Mancos Unit #007 (30-045-21519) are producing in sufficient quantities to pay for the wells,
- (2) plans for continued operation (maintenance, reworking, etc.) of the two active wells,
- (3) an evaluation of the possibility for additional resource production within the unit, and
- (4) 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 questions or if we may be of assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791.

Respectfully,


AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: **OCD – Daniel Sanchez**

BLM – Joe Hewitt

Units and OGMD Reader Files