



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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October 25, 2011

New Mexico Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, New Mexico 87505

Attn: Richard Ezeanyim

Re: Non-Standard Location and Proration: Filed by Mr. James Bruce on October 24, 2011 on behalf of Principal Properties.
Horseshoe Canyon Federal Com Well No. 1(Morrow test)
SW4, Section 1, and NW4, Section 12, Township 21 South, Range 21 East
Eddy County, New Mexico

Dear Mr. Ezeanyim:

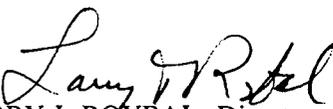
Please be notified that the Commissioner of Public Lands objects to the non-standard location proposal as described above. No objection to the non-standard proration unit proposed for this well for the Morrow formation will be filed.

This non-standard surface location proposal is not in the best interest of the New Mexico State Land Office and its beneficiaries with respect to New Mexico State Oil & Gas V-8740 located in the S2 of Section 2.

Please contact Jeff Albers at (505) 827-5759 if you have any questions or comments.

Sincerely,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY J. ROYBAL, Director
Oil, Gas & Minerals Division
(505) 827-5744
RP/LJR/ja

CC:

James Bruce, Attorney At Law
Post Office Box 1056
Santa Fe, New Mexico 87504

Oil Conservation Division

Case No. 3

Exhibit No. 3