

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF
GAS FROM ALL PRORATED GAS POOLS IN NEW MEXICO

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: COMMISSION HEARING ON AUGUST 29, 1991, CONCERNING
PRORATED GAS ALLOWABLES FOR OCTOBER 1991 - MARCH 1992

DATE: AUGUST 5, 1991

A Commission Hearing will be scheduled for August 29, 1991 for the purpose of receiving nominations and other testimony and information to assist the Commission in determining prorated gas allowables for the Oct. '91 through Mar. '92 allocation period. The assistance of all segments of the natural gas industry is needed in this process so you are urged to attend the hearing and participate.

The following information is being distributed along with this memo:

- o PRELIMINARY ALLOWABLE ESTIMATES FOR EACH POOL.
- o EXPLANATIONS FOR POOL ALLOWABLE ADJUSTMENTS
- o COMPARISON OF MONTHLY AVERAGE POOL ALLOWABLES, SALES, F1 AND F2 FACTORS.
- o COMPARISON OF APRIL AND MAY, 1991 SALES VOLUMES TO ALLOWABLES.
- o REQUESTED FORMAT FOR NOMINATIONS - FORM C-121-A.

Nominations may be submitted prior to or at the August 29 Hearing. Nominations and other information presented at the hearing will be used to revise the preliminary allowables and assign final allowables for the allocation period.

dr/

PRELIMINARY ALLOWABLE ESTIMATES
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 FOR OCT 91 THRU MAR 92
 PRORATED GAS Pools - SOUTHEAST NEW MEXICO

ATOKA PENN RLINEBRY BUFFALO BURTON FLAT CARLSBAD CATLAN EUDMONT INDIAN BASIN INDIAN BASIN JALMAT JUSTIS BL TUBB
 VALLEY PENN MORROW MORROW MORROW MORROW MORROW MORROW UPPER PENN

(1) AVERAGE MONTHLY POOL SALES 113,492 409,780 203,184 424,022 221,417 136,500 2,315,225 204,393 3,372,080 905,099 39,437 213,916
 OCT 90-MAR 91
 ALL VOL.S ARE IN MCF

(2) TOTAL NOMINATIONS
 AVERAGE MONTHLY VOLUMES

(3) ADJUSTMENTS 27,000 73,000 72,000 14,000 96,253 27,000 188,000 340,391 6,000 60,000
 (4) MONTHLY POOL ALLOWABLE 140,402 482,780 203,184 424,022 293,417 150,500 2,411,478 231,393 3,560,080 1,245,490 45,437 273,916
 OCT 91-MAR 92
 (LINE 1 + LINE 3)

(5) MONTHLY MARGINAL
 POOL ALLOWABLE FOR
 OCT 91-MAR 92 30,622 160,459 118,747 183,646 213,958 92,289 1,373,502 75,247 2,542,065 842,890 14,065 162,954

(6) MONTHLY NON-MARGINAL
 POOL ALLOWABLE
 OCT 91-MAR 92 109,780 322,321 84,437 240,376 79,459 58,211 1,037,976 156,146 1,018,015 402,600 31,372 110,962
 (LINE 4 MINUS LINE 5)

(7) NUMBER OF NON-MARGINAL
 ACREAGE FACTORS 3.42 10.75 2.00 6.88 3.97 2.00 56.72 0.86 5.49 22.00 9.00 11.00

(8) MONTHLY ACREAGE
 ALLOCATION FACTOR: 32,099 29,985 42,219 34,938 20,015 29,106 18,300 181,565 183,431 18,300 3,486 10,087
 OCT 91-MAR 92 FI
 (LINE 6 DIVIDED BY LINE 7)

OCT 91-MAR 92 FI FACTORS FOR OTHER POOLS
 BURTON FLAT STRAWN FI=10,000
 MONUMENT MCKEE ELLEN FI=25,000

PRELIMINARY ALLOWABLE ESTIMATES
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 FOR OCT 91 THRU MAR 92
 PRORATED GAS POOLS - NORTHWEST NEW MEXICO

BASIN	BLANCO	BLANCO	TAPACITO
DAKOTA	MESVERRE	P.C. SOUTH	

8,039,435	14,122,492	1,204,658	207,577
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(1) AVERAGE MONTHLY POOL SALES
 OCT 90-MAR 91
 ALL VOL.'S ARE IN MCF

(2) TOTAL MONTHLY VOLUMES
 AVERAGE MONTHLY VOLUMES

(3) ADJUSTMENTS

46,000

(4) MONTHLY POOL ALLOWABLE
 OCT 91-MAR 92
 (LINE 1 + LINE 3)

8,039,435	14,168,492	1,204,658	207,577
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(5) MONTHLY MARGINAL
 POOL ALLOWABLE FOR
 OCT 91-MAR 92

4,228,404	6,687,524	515,461	82,453
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(6) MONTHLY NON-MARGINAL
 POOL ALLOWABLE
 OCT 91-MAR 92
 (LINE 4 MINUS LINE 5)

3,811,031	7,480,968	725,197	125,124
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(7) NUMBER OF NON-MARGINAL
 ACREAGE FACTORS

433.65	599.93	456.61	91.74
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(8) NUMBER OF NON-MARGINAL
 ACREAGE & DELIVERABILITY
 FACTORS

205,993	434,101	27,355	9,277
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(9) MONTHLY ACREAGE ALLOCATION
 FACTOR FOR OCT 91-MAR 92, F1

5,275	3,117	397	341
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(10) MONTHLY ACREAGE & DELIV
 ALLOCATION FACTOR FOR
 OCT 91-MAR 92, F2

7.40	12.92	19.88	10.12
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EXPLANATION FOR POOL ALLOWABLE ADJUSTMENTS

Prorated Gas Pools - Oct '91-Mar '92

<u>POOL</u>	<u>ADJUSTMENT MCF PER MONTH</u>	<u>REASON FOR ADJUSTMENT</u>
Atoka Penn	27,000	Overproduction
Blinebry	73,000	"
Carlsbad Morrow	72,000	Overproduction and Recent Production Volumes
Catclaw Draw	14,000	Overproduction
Eumont	96,253	Minimum Allowable
Indian Basin Morrow	27,000	Overproduction
Indian Basin Upper Penn	188,000	"
Jalmat	340,391	Minimum Allowable
Justis	6,000	Recent Production
Tubb	60,000	" "
Blanco Mesaverde	46,000	Overproduction

Monthly Marginal Pool Allowables for Oct '91-Mar '92 are estimated based on Apr and May, 1991 Pool Sales Volumes.

COMPARISON OF MONTHLY AVERAGE
POOL ALLOWABLES, SALES, F1 AND F2 FACTORS

PERIOD	ALOKA PENN	ELINEBERRY	BUFFALO VALLEY PENN	HURKTON FLAT MURKUM	CARLSTAD MURKUM	CATLAW DRAW
OCT 89-MAR 90	90,502	588,153	226,422	507,581	333,609	231,865
POOL ALLOWABLE;MCF PER MO	88,473	445,221	207,301	392,388	256,256	126,029
F1	10,193	23,478	35,319	18,931	34,790	31,079
OCT 90-MAR 91	100,273	441,816	239,674	544,365	200,077	146,514
POOL ALLOWABLE;MCF PER MO	113,402	409,780	203,184	424,022	221,417	136,500
F1	17,180	21,879	33,489	39,884	10,517	21,757
OCT 91-MAR 92	140,402	482,780	203,184	424,022	293,417	150,500
POOL ALLOWABLE;MCF PER MO	32,099	29,983	42,219	34,938	20,015	29,106
F1						

PERIOD	EUMONT MURKUM	IND. BASIN MURKUM	IND. BASIN UPPER PENN	JALMAT GLORGETA	JUSTIS	TUBB
OCT 89-MAR 90	2,279,715	90,717	3,187,359	775,942	57,744	338,032
POOL ALLOWABLE;MCF PER MO	1,779,169	78,348	3,052,361	855,488	60,222	289,732
F1	13,965	4,191	132,760	7,184	3,575	8,383
OCT 90-MAR 91	2,274,375	209,172	3,431,660	973,904	46,147	236,501
POOL ALLOWABLE;MCF PER MO	2,315,225	204,393	3,372,080	905,099	39,437	213,916
F1	16,991	159,687	173,285	13,912	3,541	10,127
OCT 91-MAR 92	2,411,178	231,393	3,540,080	1,245,490	45,437	273,916
POOL ALLOWABLE;MCF PER MO	18,300	181,565	185,431	18,300	3,486	10,087
F1						

PERIOD	BASIN DAKOTA	BLANCO MESAVERDE	BLANCO P.C. SOUTH	TAFACITO
OCT 89-MAR 90	12,242,569	16,894,172	1,797,464	449,567
POOL ALLOWABLE;MCF PER MO	10,302,401	14,990,087	1,115,864	318,270
F1	4,528	2,629	375	488
F2	8.14	13.44	17.16	19.14
OCT 90-MAR 91	9,416,739	15,731,709	1,508,811	332,221
POOL ALLOWABLE;MCF PER MO	8,039,435	14,122,492	1,204,658	207,577
F1	5,676	3,690	483	546
F2	7.83	15.78	23.18	17.07
OCT 91-MAR 92	8,039,435	14,168,492	1,204,658	207,577
POOL ALLOWABLE;MCF PER MO	5,273	3,117	397	341
F1	7.40	12.92	19.88	10.12
F2				

**COMPARISON OF APRIL AND MAY 1991 SALES VOLUMES
AND ALLOWABLES; MCF PER MONTH**

NEW MEXICO PRORATED GAS SALES

<u>POOL</u>	<u>APR-SEP 1991 MONTHLY ALLOWABLE</u>	<u>AVG. MONTHLY SALES APR.-MAY, 1991</u>
Atoka Penn	107,414	101,987
Blinebry	368,926	423,780
Buffalo Valley Penn	221,054	151,296
Burton Flat Morrow	481,903	303,122
Carlsbad Morrow	252,146	252,452
Catchlaw Draw Morrow	161,064	102,195
Eumont	2,278,783	2,112,369
Indian Basin Morrow	144,974	167,651
Indian Basin Upper Penn	3,166,406	3,231,461
Jalmat	1,148,663	1,091,336
Justis Glorieta	43,021	44,499
Tubb	266,658	245,611
Basin Dakota	8,552,554	6,359,286
Blanco Mesaverde	13,546,300	13,862,223
Blanco P.C. South	1,242,564	991,586
Tapacito	234,518	177,580

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

PURCHASER'S GAS NOMINATIONS

COMPANY Name of Purchaser or Transporter	ADDRESS Address of Purchaser or Transporter
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In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, the above named company herewith submits its nominations for the purchase of gas from the Pool Name*

Pool for the month shown below: (insert in appropriate month)

MONTH	YEAR	NOMINATION, MCF
APRIL		
MAY		
JUNE		
JULY		
AUGUST		
SEPTEMBER		
OCTOBER	1991	30,000
NOVEMBER	1991	30,000
DECEMBER	1991	40,000
JANUARY	1992	40,000
FEBRUARY	1992	30,000
MARCH	1992	30,000

NOTE: All Volumes are to be MCF at 15.025 psia and 60° F.

Signature Printed Name & Title Date Telephone No.

FILING INSTRUCTIONS: One copy of this form must be filed with the Santa Fe Office of the Division by the first day of the month during which the nominations are to be considered at public hearing.

*Please file a separate form for each pool for which a nomination is made.

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 16, 1991

JFC 8.16.91

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Oil Conservation Division Case No. 10374:
Application of Collins & Ware, Inc. for Compulsory Pooling, Eddy County,
New Mexico

Dear Mr. LeMay:

Collins & Ware, Inc. hereby requests that the above-referenced case scheduled for hearing before a Division Examiner on August 22, 1991 be continued to the Examiner hearings scheduled for September 5, 1991.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr

WILLIAM F. CARR

WFC:mlh

cc: Mr. Bill Seltzer

RECEIVED

AUG 16 1991

OIL CONSERVATION DIV.
SANTA FE



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

TO: GAS PRODUCERS (OPERATORS), PURCHASERS, AND
TRANSPORTERS OF GAS FROM PRORATED GAS POOLS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: CENTRAL POINT DELIVERY (CPD) VOLUMES

DATE: AUGUST 12, 1991

We recently compared sales volumes from operators' production reports (Form C-115) to volumes reported by transporters on Form C-111. Several errors were found in situations where the transporters are metering gas from more than one gas well through a single meter (CPD). For example, we found that transporters sometimes erroneously reported that all the gas metered through the CPD meter was produced from only one of the wells. The operators who meter each well separately ahead of the CPD meter apparently report production and disposition correctly on Form C-115.

Since we currently obtain sales volumes from the Form C-111 for gas proration purposes, the reporting procedures described above are introducing errors and inequities into the system. To eliminate these errors, transporters and operators are instructed to begin immediately to use the following reporting procedures when gas from more than one gas well is metered into the pipeline through a single meter.

Transporter's Form C-111

When the transporter has or can obtain sufficient information to allocate the metered gas volume to the individual wells, the volume for each well must be reported separately on Form C-111.

If the transporter is unable to allocate the total volume to the individual wells, the volume must be reported on the C-111 report as "Gas From Other Sources" identifying the source on Sheet 2 as required.

Operator Requirements for Reporting on Form C-111.

Operators who deliver gas from more than one well to a transporter through a single meter are responsible for ensuring that the gas delivered from each well is properly reported on Form C-111. If the transporter is unable to properly allocate the

metered gas volume and report the volume delivered from each well on Form C-111, then the operator must file Form C-111 to report the individual well volumes.

Volumes reported on Forms C-111 and C-115 must agree. Operators delivering gas into a transporter's system through a CPD meter as described above, must contact the transporter and determine who will file the C-111 and advise the Gas Proration Section in Santa Fe. Accurate C-111 filings are essential for the proper assignment of allowables and the production of gas from prorated gas pools.

Please comply with the above instructions beginning with the reports you file next month. Your cooperation will be appreciated.

dr/



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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GOVERNOR

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SANTA FE, NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF GAS
WELL GAS IN NEW MEXICO

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: PROPOSAL OF LOW VOLUME GAS COMMITTEE FOR REVISION OF
OCD GENERAL RULE NO. 403.

DATE: AUGUST 23, 1991

A Committee organized by OCD has reviewed metering costs for low volume gas wells. The Committee includes representatives from Industry, BLM, SLO, and OCD. Information developed by the Committee indicates that current metering costs exceed revenues for wells producing at rates of 15 MCF per day, or less. Unless alternate measurement methods are approved, many low volume wells may be shut-in or plugged causing reserves and revenues to be lost.

Data submitted by the Committee shows that 2150 San Juan Basin gas wells produced at rates of 15 MCF per day or less in 1990. Total production for these wells was over 5 BCF in 1990 (see attached tabulation). El Paso Natural Gas has submitted a proposal for alternate measurement methods for low volume gas wells which has support from other members of the Committee. A change in OCD General Rule No. 403, (attached) based on the proposal is being circulated for review and comment. A Commission hearing will be scheduled for October 10, 1991 to consider adoption of the rule changes. Comments may be submitted prior to the hearing or in the form of testimony at the hearing.

Procedures for lease commingling are also being reviewed to determine if modification of those requirements could provide additional relief in this area.

dr/

Of the wells that produced in the San Juan Basin in 1990, 776 wells averaged 5 MCFD or less for the months produced for a total of 446,613 MCF.

1,374 wells produced from 5 to 15 MCFD for the months produced for a total of 4,725,853 MCF for the year.

The land type breakdown of these wells is as follows:

	<5MCFD		5 to 15MCFD	
State	38	27,781 MCF	83	29,149, MCF
Jicarilla	131	90,251 MCF	295	1,011,602 MCF
Navajo	30	22,060 MCF	23	72,380 MCF
Ute	8	2,606 MCF	1	4,121 MCF
Federal	492	267,313 MCF	853	2,931,203 MCF
Private	77	36,602 MCF	119	415,128 MCF

OCD GENERAL RULE 403

Proposed changes are contained in 403 B and C.

RULE 403. - NATURAL GAS FROM GAS WELLS TO BE MEASURED

A. All natural gas produced shall be accounted for by metering or other method approved by the Division and reported to the Division by the transporter of the gas. Gas produced from a gas well and delivered to a gas transportation facility shall be reported by the owner or operator of the gas transportation facility. Gas produced from a gas well and required to be reported under this rule, which is not delivered to and reported by a gas transportation facility shall be reported by the operator of the well.

B. An operator may apply to the OCD District Supervisor, using form C-110, for approval of one of the following procedures for measuring gas:

(1) In the event a well is not capable of producing more than 15 MCFD, a measurement method agreed upon by the operator and pipeline whereby the parties establish by annual test the producing rate of said well under normal operating conditions and apply that rate to the period of time the well is in a producing status. In the event such well is capable of producing greater than 5 MCFD, a device shall be attached to the line which will determine the actual time period that the well is flowing.

(2) Any well which has a producing capacity of 100 MCFD or less and which is on a multi-well lease may be produced without being separately metered when the gas is measured using a lease meter at a Central Point Delivery. The ownership of the lease must be common throughout including working interest, royalty and overriding royalty ownership.

C. Operators and transporters shall report the well volumes on Forms C-115 and C-111 based upon the approved method of measurement and, in the case of a CPD, upon the method of allocation of production to individual wells approved by the District Supervisor.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Aramis, NM 88211-0719

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410

State of New Mexico
Energy, Minerals & Natural Resources
Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-110
Originated 8/23/91

Submit four copies to the
appropriate district office.

DRAFT

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD -
Rule 403(B)(1) or (2)

Operator Name: _____ County: _____

Address: _____ Pool: _____

City/State/Zip Code: _____

APPROVAL PROCEDURE: RULE 403.B.(1)

Please file separate applications for each well to the appropriate district office.

- 1) Location of well: Unit Letter _____, Section _____, Township _____, Range _____.
- 2) One year production history of the well - show annual and daily volumes; attach separate sheet.
- 3) Established or agreed-upon daily producing rate for the well for next year.
- 4) Will well be equipped with a flow device (required for wells capable of producing 5 MCF per day or more)?
- 6) Gas transporter(s) connected to the well.

APPROVAL PROCEDURE: RULE 403.B.(2)

Please attach separate sheet.

Working interest, royalty and overriding royalty ownership must be common throughout the lease.

- 1) Lease plat showing all wells to be produced through this CPD. Show Section, Township and Range on plat.
 - a) List wells producing over 100 mcf/d.
 - b) List wells producing less than 100 mcf/d.
- 2) Proposed method of allocating production from non-metered wells.
- 3) One year production history of wells producing less than 100 mcf/d. Show annual and daily volumes.
- 4) Gas transporter(s) connected to this lease.

Operators requesting approval to use a measurement method
other than the above should contact the district office for instructions.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation
Division have been complied with and that the information given above is
true and complete to the best of my knowledge and belief.

Signature: _____

Printed Name & Title: _____

OIL CONSERVATION DIVISION APPROVAL

Approved Date: _____

By: _____

Title: _____

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 30, 1991

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503


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AUG 30 1991

OIL CONSERVATION DIV.
SANTA FE

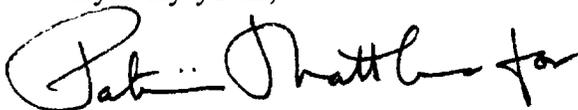
Re: Oil Conservation Division Case No. 10374:
Application of Collins & Ware, Inc. for Compulsory Pooling, Eddy County,
New Mexico

Dear Mr. LeMay:

Collins & Ware, Inc. hereby requests that the above-referenced case scheduled for hearing before a Division Examiner on September 5, 1991 be dismissed.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Mr. Bill Seltzer



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

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SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 6, 1991

CAMBELL & BLACK
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10374
ORDER NO. R-9576

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM Carlsbad Office