



RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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JUN 20 1995

OIL CON. DIV.
DIST. 2

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 15, 1995

Royal Oil Ltd. Company
P. O. Box 1100
Hobbs, New Mexico 88240

Attn: Mr. W. R. Erickson

Re: East Henshaw Unit
Change of Operator
Exxon Corp. - State Lease No. E-5131, OG-263
Eddy County, New Mexico

Dear Mr. Erickson:

Reference is made to your telephone conversation with Pete Martinez of this office regarding the change in unit operator status of the East Henshaw Unit Agreement.

Our records reflect that Royal Oil Ltd. Company was designated as the successor unit operator of the East Henshaw Unit by the Bureau of Land Management on March 2, 1994 and this office on March 25, 1994.

It has been brought to our attention that Royal Oil Ltd. Company is not operating all of the unit wells in accordance with Article 9 of the East Henshaw Unit Agreement. Ms. Carmen Reno of the New Mexico Oil Conservation Division recently advised this office that the following wells located on State Trust lands are being operated by JFG Enterprises:

East Henshaw Unit, Tract 24, Well No. 1, NE/4SE/4 Sec. 2-16S-30E (OG-263)
East Henshaw Unit, Tract 9, Well No. 7, Lot 10, Sec. 2-16S-30E (E-5131)

In your telephone conversation with Pete Martinez on May 26, 1995, you indicated that Royal Oil Ltd. Company did not want to operate the above mentioned unit wells.

Please be advised that pursuant to Article 9, SUCCESSOR UNIT OPERATOR, of the East Henshaw Unit Agreement, you have 30 (thirty) days from the date of this letter to submit an

Royal Oil Ltd. Company
June 15, 1995
Page 2

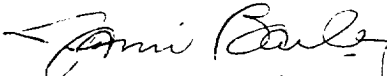
NMOCD C-104 change of operator form for all unit wells to this office, the Bureau of Land Management and the NM Oil Conservation Division. Failure to timely submit the proper documentation to operate all unit wells will subject the East Henshaw Unit Agreement to termination pursuant to Article 9 of the unit agreement.

Our lessee of record, Exxon Corp., is being notified of the unit status by a copy of this letter since the termination of this unit may have an adverse effect on their state leases.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

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

BY: 
JAMI BAILEY, Deputy Director
Oil, Gas and Minerals Division
(505) 827-5745

RP/JB/pm

cc: Reader File
BLM-Roswell - Attn: Mr. Gary Gourley
OCD-Santa Fe - Attn: Mr. Roy Johnson
OCD-Artesia Attn: Ms. Carmen Reno

Exxon Corp. (Lessee of Record E-5131, OG-263)
Attn: Mr. James Biggs
P. O. Box 4496
Houston, Texas 77210-4496

JFG Enterprises
P. O. Box 100
Artesia, New Mexico 88211-0100