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O. C. C.  
ARTESIA, OFFICE

Drawer 1857  
Roswell, New Mexico 88201

February 26, 1976

Mr. Joe Ramey, Director  
New Mexico Oil Conservation Commission  
P. O. Box 1148  
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

This is to confirm our telephone conversation of February 25, 1976, to the extent that if the Commission decides to withhold an allowable allocation for Robert G. Cox's Federal EA well No. 1 in the NW<sup>1</sup>/<sub>4</sub> NW<sup>1</sup>/<sub>4</sub> sec. 12, T. 18 S., R. 27 E., Eddy County, New Mexico (case 5571), such action will not cause the Federal lease (NM 6852) on which the well is located, to expire. Title 43 of the Code of Federal Regulations, Part 3107.3-2 provides "No lease for lands on which there is a well capable of producing oil or gas in paying quantities shall expire because the lessee fails to produce the same, unless the lessee fails to place the well on a producing status within 60 days after receipt of notice by registered mail from the Regional Oil and Gas Supervisor to do so: Provided, that after such status is established production shall continue on the leased premises unless and until suspension of production is allowed by the Secretary of the Interior under the provisions of the act."

We appreciate your concern and cooperation in this matter.

Sincerely yours,

(ONC 300) CARL C. TRAYWICK U.S. GEOLOGICAL SURVEY  
ARTESIA, NEW MEXICO

CARL C. TRAYWICK  
Acting Area Oil and Gas Supervisor

cc:  
Artesia ✓

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