



State of New Mexico
Commissioner of Public Lands

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

May 4, 2000

Phil Brewer
P.O. Box 298
Roswell, New Mexico 88202-0298

Re: O&G Lease V-5683

Dear Mr. Brewer:

I am writing in response to your letter of April 28, 2000.

The existence of the Gramma Ridge Morrow storage unit is, in fact, evident in the State Land Office tract books. I enclose a copy of the relevant page, and have highlighted the reference to the unit. I believe this is adequate public and constructive notice of the unit.

The position of the Land Office in this matter is that when the prior lease expired, the unit agreement was terminated as to it. The subsequent and current lease is independent of the Unit. In any event, the Land Office is not a party to the unit agreement. Since your client apparently is doing business with LG&E, it might be best to resolve any conflict directly with them by negotiated agreement.

Please do not hesitate to contact me with further concerns or questions. Thank you for your attention in this regard.

Sincerely,

Stephen G. Hughes
State Land Office Associate Counsel
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pc: LG&E Natural Gas and Processing Co., Jack Billinger via FAX
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