



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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August 13, 2018

Roger Slayton DBA Escudilla Oil Company
ATTN: Roger Slayton
PO Box 687
Roswell, NM 88202

Re: Expiration of E0-3614-0004
On-lease Wells:

- ❖ Standard State #001 (30-005-00230)
- ❖ Standard State #002 (30-005-10129)
- ❖ Standard State #003 (30-005-10429)
- ❖ Standard State #004 (30-005-10443)
- ❖ Standard State #007 (30-005-62785)

Dear Mr. Slayton,

The NMSLO Oil and Gas Division staff was contacted, by your secretary, by telephone on June 25, 2018 to request a review for possible reinstatement of the subject lease which was expired on May 9, 2018. She stated that C-115 reports were late but would be filed with the NMOCD within the next few days. A copy of C-115 reports for the months of March 2018 thru May 2018 were provided to NMSLO by Megan Bryant via email on June 29, 2018; the monthly oil production reported on each of the five wells was 10 BBLS in March, 20 BBLS in April and 10 BBLS in May.

A field report conducted on July 9, 2018 on the leased lands identified two major spills have occurred on Wells #2 and #4 and must be remediated, see 19.2.100.66 NMAC. In light of this, it has come to our attention that the Lessee of Record does not currently have a Surface Damage Bond on file and is therefore out of compliance, see paragraph 9 of the lease contract. The report also cited that Wells #3 and #7 do not have electricity and appear to be permanently shut-down, therefore the production reported on the aforementioned C-115 reports for these wells is questionable.

No decision will be made regarding the reinstatement of this lease until written responses are received from both parties who have received this correspondence. Responses must be received by 10/12/2018 or the lease will certainly remain expired.

Respectfully,

A handwritten signature in black ink, appearing to read 'A. Dunn', is written over the printed name 'AUBREY DUNN'.

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

CC: Paul Slayton
PO Box 2035
Roswell, NM 88201

CC: New Mexico Oil Conservation Division
ATTN: Maxey Brown, District Supervisor
1625 N. French Drive
Hobbs, NM 88240