



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Albuquerque Field Office

435 Montano Rd. NE

Albuquerque, New Mexico 87107-4935

www.nm.blm.gov

IN REPLY REFER TO:
NMSF 081161-A, et al.
3160 (010-amj)

MAY 31 2001

CERTIFIED--RETURN RECEIPT REQUESTED
Z 271 987 093

Mr. Noel Reynolds
P.O. Box 356
Flora Vista, NM 87415

Dear Mr. Reynolds:



Upon reviewing our production records we found the following wells are not currently producing.

- ✓ #1 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081161-A
- ✓ #2 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081161-A
- ✓ #12 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F Torreón #12
- ✓ #13 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F Torreón #13
- J ✓ #18 Torreón, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F 30-043-20819 Jan Luis Feb 18
- ✓ #19 Torreón, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F
- ✓ #15 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-A
- ✓ #1 San Luis Federal WW, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F Torreón #1
- ✓ #3 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F Torreón #3
- ✓ #5 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F Torreón #5
- ✓ #11 San Luis Federal, sec. 21, T. 18 N., R. 3 W., Federal lease NMSF 081160-F Torreón #11

The first 6 wells mentioned above were to be returned to production per your Sundry Notices dated July 1, 1999. Our office approved those Sundrys November 5, 1999, with the condition that the wells be placed back on production or plans to plug and abandon them be submitted by January 5, 2000. The #15, #5 and #11 have not produced since August 2000 and the #1 WW and #3 have never produced.

Since both leases are in their extended term they must contain a well capable of producing hydrocarbons in paying quantities, i.e., sufficient quantities to pay the day-to-day operating and lease maintenance costs, or it will be considered to have expired.

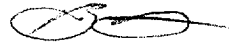
In the absence of an acceptable showing by you that the subject wells are capable of producing hydrocarbons in paying quantities, within 60 days from receipt of this notice, this office will consider the leases to have terminated the date of last production.

If you consider the wells incapable of production in paying quantities, the subject leases will terminate and you should submit plans to plug and abandon the wells.

The foregoing information is furnished so that you may take such action as you consider appropriate. You are further reminded that no production tests or other operations should be conducted on the lease without prior approval by this office.

If you have any questions concerning this matter, please contact me at (505) 761-8756.

Sincerely,



Brian W. Davis
Petroleum Engineer
Division of Multi-Resources

✓ CC:
NMOCD