

April 5, 1982

CERTIFIED MAIL

Southland Royalty Company
P. O. Drawer 570
Farmington, New Mexico 87401

Gentlemen:

Reference is made to your well No. 13 Thompson located in sec. 28, T. 31 N., R. 12 W., San Juan County, New Mexico on Federal lease No. New Mexico 01614. This well was completed in the Pictured Cliffs formation on June 19, 1969, and tested at 242 MCFPD on June 23, 1969. Our records indicate that the well has never produced and has been shut-in since initial testing.

Your Sundry Notice of February 16, 1982, requesting approval to abandon the Pictured Cliffs formation was inadvertently approved without first establishing that the Pictured Cliffs formation was not capable of producing in paying quantities. Production in paying quantities is defined as "production in such quantity as will pay a profit to the lessee/operator over and above the normal cost of maintaining the lease, operating the wells and marketing the product".

Therefore, on March 19, 1982, Mr. Rick Fielder was given verbal notice that your approved Sundry Notice dated February 16, 1982, for well No. 13 Thompson was temporarily rescinded until a production test was conducted and you could show that the well was not capable of producing in paying quantities.

Please notify this office within 30 days from receipt of this letter of your plans for testing well No. 13 Thompson.

Sincerely yours,



For James F. Sims
District Oil and Gas Supervisor

cc: NMOCC