



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
 Carlsbad Field Office
 620 E. Greene St.
 Carlsbad, NM 88220-6292



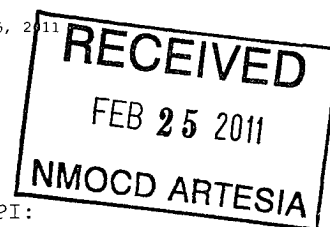
IN REPLY REFER TO: SDR 2009-08, 43 CFR 3165.3

CERTIFIED MAIL-RETURN RECEIPT REQUESTED
 70101870000352257194

January 5, 2011

Scope Industries
 2811 Wilshire Blvd., Ste. 410.
 Santa Monica, CA 90403-4805

Accepted for record
 NMOCD 3-1-2011
 DJJ



RE: Lease NMLC069464A FEDERAL 18 #1 API: 3001505765, FEDERAL 18 #2 API:
 3001510228, FEDERAL 18 #3 API: 3001520146, FEDERAL 18 #4 API: 3001520226.

Gentlemen:

Our records indicate that Scope Industries is the Lessee of record. As per 43 CFR 3160.0-5 *Lessee* means any person holding record title or owning operating rights in a lease issued or approved by the United States. Due to the lack of cooperation and failure to respond from the Operator, *Operator* is defined as any person or entity including but not limited to the lessee or operating rights owner, who has stated in writing to the authorized officer that it is responsible under the terms and conditions of the lease for the operations conducted on the leased land or a portion thereof.

The Lessee of record is here by instructed to take over Operations of the above listed wells.

A recent field inspection of the above referenced wells and our records indicate that the above wells are Shut-in (SI) or Temporarily Abandoned (TA). The Bureau of Land Management (BLM) and Minerals Management Service (MMS) definition of a shut-in well is a completion that is physically and mechanically capable of production in paying quantities or capable of service use. The definition of a temporarily abandoned well is a completion that is not capable of production in paying quantities but which may have value as a service completion. According to our records the wells referenced above has been shut-in for 6 months or longer or has been temporarily abandoned without authorization. 43 CFR 3162.3-4 (C) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

Therefore you are required to do one of the following.

1. Return the wells to production or beneficial use.
2. Submit notice of intent to plug and abandon.

If you decide to return the well to production, submit a Sundry Notice (form 3160-5, original and 5 copies) of intent within 30 days of receipt of this letter. Include the date you anticipated the well being placed back in service. 43 CFR 3162.4-1(c) also requires you to notify the Authorized officer,

not later than the fifth business day after production is resumed for any well which has been off production for more than 90 days, the date on which such production was resumed. Notification may be by letter or Sundry Notice, or orally followed by letter or Sundry Notice.

If the well is to be used for beneficial purposes, submit a Sundry Notice (Form 3160-5, original and 5 copies) within 30 days of receipt of this letter and include information concerning future use. A brief description of your proposed plans and economic feasibility and an anticipated date for placing the well in beneficial use will suffice. Beneficial use includes, but is not limited to, recompletion to other horizons, conversion to injection for secondary or enhanced recovery, and salt-water disposal or injection.

If you decide to plug and abandon the well, submit a Sundry Notice (form 3160-5, original and 5 copies) within 30 days of receipt of this letter and describe the proposed plugging program.

At this time the wells are not considered orphan and will not be considered for plugging under the Orphan Well Program.

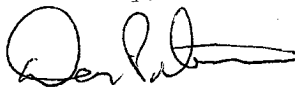
These production tanks have been previously sealed per Federal Authority. Please contact this office Jerry Blakley 575-361-0112 or 575-234-5994 to arrange removal and resealing with your company seals.

Under provisions of 43 CFR 3165.3, you may request a State Director Review (SDR) of the orders described above. Such a request including supporting documents must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order unless the reviewing official so determines. Procedures governing appeals from instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR Part 4.

For monitoring and tracking purposes, please submit appropriate paperwork to this office Attention: Jerry Blakley.

If you have any questions, contact Jerry Blakley (575) 234-5994.

Sincerely,


C. Jim Stovall
Field Office Manager
Carlsbad Field Office

cc. Bureau Of Land Management
New Mexico State Office
Attn: John Bramhall
PO Box 27115
Santa Fe, NM 87502-0115