

Federal Building
701 Camino del Rio
Durango, Colorado 81301

January 14, 1980

Schalk Development Company
P. O. Box 25825
Albuquerque, NM 87125

Dear Mr. Schalk:

Diligent drilling operations were not being conducted on Federal oil and gas leases NM-23031 and NM-23046 on their expiration date. Consequently, these leases expired by operation of the law December 31, 1979. Unapproved Applications for Permit to Drill at the following locations are canceled effective December 31, 1979, and returned herewith:

<u>Well No.</u>	<u>Location</u>	<u>Lease No.</u>
1 Schalk 31	NW1/4 1-24N-2W	NM-23031
3 Schalk 31-4	NW1/4 34-31N-4W	NM-23046

Access roads and well pads will have to be rehabilitated to the satisfaction of the appropriate surface agency.

If at some later date you decide to drill wells at these locations, it will be necessary to file new applications.

Sincerely yours,

James F. Sims

James F. Sims
Acting District Engineer

Enclosures

cc: NMOCD, Aztec

