



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:

NMSF-081160F et al. (WC)
3162.3-4 (21110)

January 11, 2008

Mr. Wm. R Reed
Noel Reynolds DBA Torreon Oil Co.
1316 Juniper Lane
Fort Worth, TX 76126

RCVD JAN 15 '08
OIL CONS. DIV.

DIST. 3

Dear Mr. Reed:

Reference is made to the following wells located in sec. 21, T. 18 N., R. 3 W., Sandoval County, New Mexico:

- 1) No. 3 San Luis Federal, 2164' FSL & 1600' FEL, lease NMSF-081160F. 30-043-20376
- 2) No. 11 San Luis Federal, 1670' FSL & 2294' FEL, lease NMSF-081160F. 30-043-05062
- 3) No. 12 San Luis Federal, 1862' FSL & 2171' FEL, lease NMSF-081160F. 30-043-05066
- 4) No. 19 San Luis Federal, 1910' FSL & 2420' FEL, lease NMSF-081160F. 30-043-20925
- 5) No. 1 San Luis Federal WW, 1980' FSL & 2310' FEL, lease NMSF-081160F. 30-043-20143
- 6) No. 1 San Luis Federal, 1650' FSL & 1980' FWL, lease NMSF-081161A. 30-043-20378
- 7) No. 15 San Luis Federal, 1520' FSL & 2340' FWL, lease NMSF-081161A. 30-043-05061

Also referenced is your letter dated December 28, 2007, which requested additional time to complete the transfer of the leases to a new operator. You are granted until April 1, 2008 to complete either the transfer or the following:

- a) Return wells No. 1, 3, 11 and 15 to production.
- b) Plug well No. 12 as approved.
- c) Submit procedures to plug wells No. 19 and 1 WW.
- d) Submit to our Santa Fe office lessee and bond changes from Noel Reynolds to reflect new ownership since Noel Reynolds is deceased.

Failure to comply within the time above may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all 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 (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Original Signed: Stephen Mason
Stephen Mason
Petroleum Engineer, Petroleum Management Team

cc:
Deputy State Director, Fluids Team (92100)
NMOCD

A small, handwritten mark or signature, possibly a stylized 'S' or 'M', located in the bottom right corner of the page.