

RECEIVED

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**OIL CON. DIV.
DIST. 3**

P.O. Drawer 600
Farmington, New Mexico 87499

January 25, 1983

*will
File*

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 395 358 204

*recd
1/31/83*

Mr. James L. Ludwick
P.O. Box 70
Farmington, New Mexico 87499

Dear Mr. Ludwick:

Returned herewith unapproved are your Sundry Notices of Intent dated January 17, 1983, for the No. 1 Irma well located 2260' PSL and 1980' PNL sec. 35, T. 19 N., R. 5 W., McKinley County, New Mexico, on Federal oil and gas lease AM-6998.

This well was Plugged and Abandoned on June 27, 1980 as per Sundry Notice Subsequent Report of Abandonment dated July 7, 1980. Surface rehabilitation stipulations were forwarded to you on September 30, 1980. A Notice of Intent to re-enter the well was received on June 26, 1981 and approved June 30, 1981. No action was taken to complete the work. On October 9, 1982 another Sundry Notice was received requesting a waiver of approval to abandon which was approved October 14, 1982 for a period of 90 days, in which to re-enter the well, again no action was taken to complete the work.

Our records show the last production on this lease, as submitted by Cities Service Company, was in May 1962, in which the No. 1 Federal 2 well produced 64 bbl. oil and 1600 bbl. water. The No. 1 Federal 2 well was Plugged and Abandoned in October 1982, and was the last producing well on the lease. The lease went into its extended term on August 1, 1978.

Pursuant to CFR 43 Part 3107.3-1, this lease is considered to have terminated by law on May 31, 1982, the last day of the month in which hydrocarbons were last produced from the lease in its extended term. No diligent efforts to re-establish production were conducted within 60 days following cessation of production. By plugging the last well voluntarily, you indicate the lease is incapable of production.

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Procedures governing appeals from final decisions and orders by the Bureau of Land Management officials are contained in the regulations in 30 CFR Part 290 and 221.73. A notice of appeal must be filed in this office within 30 days of receipt of the final decision or order being appealed.

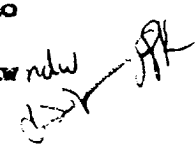
Sincerely yours,

"Orig. Sgd." Jim F. Sims

James F. Sims
District Oil & Gas Supervisor

Enclosures

cc: SCR, MS-410
Royalty Management
BLM, Santa Fe
LAD-9
Lease (NM-6999) /
Production Suspense
Chrono

JKeller:ndw ndw 

P.O. Drawer 600
Farmington, New Mexico 87499

January 25, 1983

Memorandum

To: Field Operations Supervisor, SCR, MS-410
From: District Oil and Gas Supervisor, Farmington
Subject: Termination of Federal Lease NM-6999

Attached herewith is a copy of a letter to James L. Ludwick advising him that the above lease (NM-6999) has terminated by law for lack of producing hydrocarbons while in its extended term.

Reference 43 CFR 3107.3-1 and 3107.3-2, CDM 645.7.3C, and Director, BLM memo dated January 12, 1983. The stand of this office is as follows:

We have not written a 60-day letter to James L. Ludwick regarding the lease, because the Operator and Lessee voluntarily Plugged and Abandoned the four wells on this lease, the last being Plugged and Abandoned October, 1982. Therefore by so doing, they are, in effect substantiating our interpretation, which is, that the lease is no longer capable of production in paying quantities. The Sundry Notice referenced in the attached letter were intents to investigate a different zone.

Ludwick has had in excess of 1½ years to perform the reentry and testing of a new zone, and has not shown diligence in the request.

Also see the attached last production memorandum dated January 25, 1983.

"Orig. Sgd." Jim F. Sims

James F. Sims

Enclosure

cc: LAD-9
Lease
Keller
Chrono

JKeller:ndw
#7407

ndw
JK

DRAWER 600
FARMINGTON, NEW MEXICO 87499

January 25, 1983

Memorandum

To: Records Management Section, SCR, MS-250
From: District Oil and Gas Supervisor, Farmington
Subject: Last Production Federal Lease LM-6999

Well Designation: No. 1 Federal E
Cities Service Company

Location: 330' PNL & 1650' PEL
NW1/4 sec. 28, T. 19 N., R. 5 W.,
McKinley County, New Mexico

Completion Date: June 19, 1980

Last Production Date: May 31, 1982


Lease Term: 10 years Effective Date: August 1, 1968

Remarks: Notice of Intent to Abandon received
October 15, 1982, Subsequent Report of
Abandonment received November 1, 1982. This
well was last producing well on lease. Three
other wells previously plugged and abandoned.

"Orig. Sgd." Jim E. Sims

James P. Sims

cc: BIM
Accounting Roswell
Resource Evaluation
SCR, MS-410
Lease file
PRO 6-1
Chronological

Jkeller:csb 
#7416