STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

October 18, 1991

1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 87410 (505) 334-6178

Lobo Production c/o Walsh Engineering PO Drawer 419 Farmington NM 87499

Re: Scorpio #1 A-15-32N-12W

Gentlemen:

The BLM has informed this office that the acreage dedicated to the Gallup and Dakota formations in the referenced well has <u>not</u> been consolidated as otherwise indicated on your C-102. Therefore, you authorization to produce this well is hereby canceled.

Transporters are notified by a copy of this letter to cease transporting product from this well until further notice.

Sincerely,

Frank Chavez, District Supervisor

FC/sh

cc:

El Paso Natural Gas Company Giant Refining BLM-Farmington SF File