



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm

30-015-31909



IN REPLY REFER TO:
NMNM107712
3105.2 (P0220)

10/15/2018

Quality Transport, Inc.
7 Crawford Lane
Jal, NM 88252

Gentlemen:

Communitization Agreement (CA) NMNM107712 was approved January 15, 2003 effective as of August 01, 2002. This agreement communitized the W2 of sec. 25, T. 21 S., R. 27 E., NMPM, Eddy County, New Mexico involving 80.00 acres of land in Federal lease NMNM14768A and 240.00 acres of land in Fee leases comprising a 320.00 acre well spacing unit as to natural gas and associated liquid hydrocarbons producible from the Morrow, Atoka, Strawn and Wolfcamp Formation.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the last well in the above-described communitized spacing unit, Helena 25 Fee Com 1 (API# 30-015-31909) located on Fee land in the SWNW of sec. 25, T. 21 S. R. 27 E., has not produced since November of 2008. A written order (18RKC025W), dated 07/25/2018, was sent to plug or produce, with an abatement date of 08/30/2018. This date has since passed with no plans submitted.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, CA NMNM107712 is considered to have expired effective November 30, 2008, the last day of the month during which the communitized formation actually produced. Lease NMNM14768A is eligible for a two year extension to November 29, 2010 pursuant to 43 CFR 3107.4 as a result of the termination of the subject agreement. However, lease NMNM14768A is held by allocated production from CA agreements NMNM106873 and NMNM71953.

Please contact Roy 'Kent' Caffall at (575) 234-5906, Deborah Ham at (575) 234-5965 or Chris Walls at (575) 234-2234 if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cody R. Layton". The signature is written in a cursive style with a large, sweeping initial "C".

Cody R. Layton
Associate Field Manager,
Lands and Minerals

Enclosure: Written Order 18RKC025W

cc:

ONRR, Denver
New Mexico Taxation and Revenue Department, Revenue Processing Division,
NMOCD
NM 9200
NM P0220, File Room

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	
Lease	FEE
CA	NMNM107712
Unit	
PA	

Certified Mail - Return Receipt Requested
70161370000122055653

Bureau of Land Management Office CARLSBAD FIELD OFFICE	Operator QUALITY TRANSPORT INCORPORATED
Address 620 E GREENE STREET CARLSBAD NM 88220	Address 7 CRAWFORD LANE JAL NM 88252
Telephone 575-234-5906	Attention
Inspector CAFFALL	Attn Addr

Site Name HELENA 25 FEE COM	Well/Facility/FMP 1	1/4 1/4 Section SWNW 25	Township 21S	Range 27E	Meridian NMP	County EDDY	State NM
Site Name	Well/Facility/FMP	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well/Facility/FMP	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
07/25/2018	13:45	08/30/2018		43 CFR 3162.1(a) 43 CFR 3162.3- 4 (a)

Remarks:

43 CFR 3162.3- 4 (a) Well Abandonment.
(a) The operator shall promptly plug and abandon, in accordance with a plan first approved in writing or prescribed by the authorized officer, each newly completed or recompleted well in which oil or gas is not encountered in paying quantities or which, after being completed as a producing well, is demonstrated to the satisfaction of the authorized officer to be no longer capable of producing oil or gas in paying quantities, unless the authorized officer shall approve the use of the well as a service well for injection to recover additional oil or gas or for subsurface disposal of produced water.

Corrective Action:
(Remarks continued on following page(s).)

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer 	Date 7/25/18	Time 16:00
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FOR OFFICE USE ONLY

Number 53	Date	Type of Inspection WS
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