



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

November 6, 1989

ARTESIA, OFFICE

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

CERTIFIED - RETURN
RECEIPT REQUESTED

Tempo Energy Inc.
4000 N. Big Spring, Suite 109
Midland, Texas 79705

Attention: Laura K. Morgan

Re: Penasco Draw Federal No. 1 Well, Unit O,
Sec. 35, T-18-S, R-24-E, Eddy County, N.M.

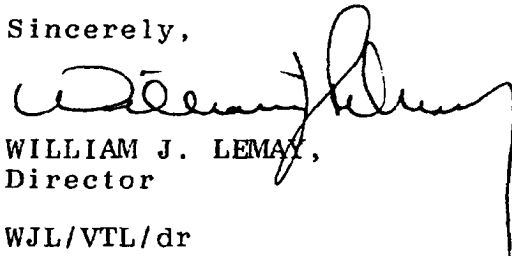
Gentlemen:

We have had called to our attention that there is no communitization agreement in effect for the subject well. The form C-102 filed with our Artesia District office, copy forwarded to this office, indicates the South half of the section to be communitized. Such a statement on a form filed with this Division constitutes a fraud and a violation of the Oil and Gas Act subject to penalty under Section 30-2-31B (NMSA) punishable by fine up to \$5,000 per day of violation or imprisonment for three years or both.

The form C-104 authorizing transportation of oil and gas from this property is hereby revoked and any further movement of oil and gas from the property will be cause for punitive action against the producer and transporter of the illegal gas.

Said well shall remain shut-in until the rules of the Division have been complied with in full.

Sincerely,



WILLIAM J. LEMAY,
Director

WJL/VTL/dr