



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov



In Reply Refer To:

RNM-130 (Case Recordation No. NM-72422)
3105.2 NM (P0130)

CERTIFIED-RETURN RECEIPT REQUESTED
7012 3460 0000 1695 8053

SEP 28 2016

Slayton Resources Inc.
704 East College Boulevard
Roswell, NM 88202

30-005-62081

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 30 2016

Gentlemen:

RECEIVED

This notification under 43 CFR 3107.2-1 and 43 CFR 3107.2-2 is a result of a recent review of our files for Communitization Agreement (CA) RNM-130 (Case Recordation No. NM-72422). The subject CA, which includes Federal leases NM-0223201 and NM-60765 has been in its extended term by production since December 23, 1985 and can only remain in full force and effect so long as communitized substances are or can be produced in paying quantities under 43 CFR 3107.2-1. According to our records, production from your well No. 1-Lura Com, Communitization Agreement (CA) RNM-130, located on Federal lease NM-0223201, 660 FSL and 820 FWL (SW $\frac{1}{4}$ SW $\frac{1}{4}$) sec. 10, T. 14 S., R. 28 E., Chaves County, New Mexico has declined to the point that we have determined that this CA is not capable of production in paying quantities. Therefore CA RNM-130 must contain a well capable of producing oil and/or gas in paying quantities. Paying quantities is defined as enough oil and gas to pay the day-to-day operating and the CA maintenance costs, including minimum royalty on a sustained basis.

BLM has determined that CA RNM-130 is not capable of production in paying quantities. Under 43 CFR 3107.2-2, Slayton Resources Inc. is allowed 60 days from receipt of this letter within which to commence reworking or drilling operations within the communitized area. The CA will remain in full force and effect if approved operations are commenced and are conducted with reasonable diligence during the period of nonproduction.

If reworking or drilling operations have not commenced or the well No. 1-Lura Federal Com is not placed on continuous paying production within 60 days of receipt of this letter, CA RNM-130 will automatically terminate the day that this letter is received by Slayton Resources Inc. Leases NM-0223201 and NM-60765 committed to the CA may be eligible for a two year extension pursuant to 43 CFR 3107.4 as a result of the termination of CA RNM-130. If the well No. 1-Lura Federal Com is placed on paying production and production declines within 5 years, CA RNM-130 will automatically terminate. Slayton Resources Inc. will be responsible for plugging the well 1-Lura Federal Com and any related facilities located on the communitized area within 90 days of receipt of this letter.

The aforementioned information is furnished so you may take such action as you consider appropriate. You are further-reminded that no production tests or other operations should be conducted on CA RNM-130 without prior approval of the New Mexico Oil Conservation Division. If you need additional information and/or have any questions regarding this letter, please contact David Glass, Petroleum Engineer at the above address or at (575) 627-0275.

Sincerely,

\S\ Ruben J. Sanchez

Ruben J. Sanchez
Assistant Field Manager,
Lands and Minerals

cc:

~~M~~MOCD-Artesia