



# 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](http://www.nm.blm.gov)



In Reply Refer To:  
NM96851  
3108 (P0130)

30-005-20667

APR 12 2010

### CERTIFIED-RETURN RECEIPT REQUESTED

7006 3450 0001 4285 2678

**RECEIVED**

Yeso Energy, Inc.  
P.O. Box 2248  
Roswell, NM 88202-2248

APR 14 2010

**HOBBSOCD**

Gentlemen:

The Bureau of Land Management (BLM) received from Chica Energy LLC a Sundry Notice (Form 3160-5) requesting to change the operator from Yeso Energy, Inc. to Chica Energy LLC for No. 1-Morgan Federal well located 990 feet FNL and 1980 feet FWL Section 6, T. 10 S., R. 30 E., Chaves County, New Mexico. At this time BLM is unable to approve the change of operator because oil and gas lease NM96851 is not in good standing. The subject lease is in its extended term and can only remain in full force and effect so long as oil or gas is being produced in paying quantities under 43 CFR 3107.2-1. According to our records the well has not produced since May 31, 2006, therefore lease NM96851 must contain a well capable of producing oil or gas in paying quantities. Paying quantities is defined as enough oil and gas to pay the day-to-day operating and lease maintenance costs, including minimum royalty on a sustained basis.

BLM has determined that this lease is not capable of production in paying quantities. Under 43 CFR 3107.2-2, Yeso Energy is allowed 60 days from receipt of this letter within which to commence reworking or drilling operations on the leasehold. The lease 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 No. 1-Morgan Federal is not placed on continuous production within 60 days of receipt of this letter, oil and gas lease NM96851 will automatically terminate the date of receipt of this letter. If the subject well is placed on continuous production and production ceases, oil and gas lease NM96851 will automatically terminate. Yeso Energy will be responsible for plugging the No. 1-Morgan Federal and any other related facilities located on the leasehold 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 oil and gas lease NM96851 without prior approval of this office. 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/ Angel Mayes*

Angel Mayes  
Assistant Field Manager,  
Lands and Minerals

cc:  
NM (P0130, File Room)