

H-3107-1 - CONTINUATION, EXTENSION, OR RENEWAL OF LEASES

Format for Letter Informing Operator of Cessation of  
Production for a Lease When Authorized Officer Determines  
Lease is Not Capable of Production in Paying Quantities



IN REPLY REFER TO:

United States Department of the Interior  
BUREAU OF LAND MANAGEMENT

3107 (Office Code)

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

Dear \_\_\_\_\_: or Gentlemen:

Our records indicate that well number \_\_\_\_\_, located in \_\_\_\_\_ has been shut in since (Date) and is the last producing well on Federal oil and gas lease (Serial number).

We have determined that this lease is not capable of production in paying quantities. Under 43 CFR 3107.2-2, a lease which is in its extended term because of production in paying quantities shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations are commenced on the leasehold and are conducted with reasonable diligence during the period of nonproduction. You are allowed 60 days from receipt of this letter within which to restore production in paying quantities to the leasehold.

If you believe the lease is capable of production in paying quantities to pay the day-to-day operating costs, including rental and/or minimum royalty on a sustained basis, you must submit justification within 60 days of receipt of this letter.

If justification that the well is capable of production in paying quantities is not submitted within 60 days from receipt of this letter, the lease shall automatically terminate. A Notice of Intent to Abandon (NIA) the well must be filed within 30 days, starting 60 days after receipt of this letter.

If you have any questions, contact (Name) at (Office address).

Sincerely,

Field Office Operations  
Authorized Officer

Distribution:  
All lessees  
SO Fluid Lease Adjudication