

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

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



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

IN REPLY REFER TO

3107 (Office Code)

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

Dear _____: or Gentlemen:

Our records indicate that production on Federal oil and gas lease (Serial number) has declined to the point that we have determined that this lease is not capable of production in paying quantities. Because the lease is currently in its extended term by reason of production, it will terminate unless the lease is capable of producing hydrocarbons in paying quantities.

Under 43 CFR 3107.2-2, you are allowed 60 days from receipt of this letter in which to begin reworking or drilling operations to restore production in paying quantities on the leasehold. The lease will not terminate so long as approved operations are commenced within the 60-day period and such operations are continued with reasonable diligence until paying production is restored.

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 a reworking/drilling operation proposal or justification that the well is capable of production in paying quantities is not submitted within 60 days from receipt of this letter, the lease will 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