

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

Format for Letter Informing Operator of Cessation of  
Production for a CA When Authorized Officer Determines CA  
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:

Communitization Agreement (CA) (Serial number), which includes lease(s) (Serial number(s)) became effective (Date) for a period of two years and so long thereafter as communitized substances are or can be produced in paying quantities from the communitized area.

Our records indicate that well number \_\_\_\_\_, located in \_\_\_\_\_ has been shut in since (Date).

We have determined that this CA is not capable of production in paying quantities. Under 43 CFR 3107.2-2, the CA will not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations are commenced 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 from the communitized area.

If you believe the CA 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 CA 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. (NOTE: This sentence applies only when the well involved is Federal.) The leases committed to the CA may be eligible for extension in accordance with 43 CFR 3107.4.

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

Sincerely,

Field Office Operations  
Authorized Offices

Distribution:  
All lessees  
SO Fluid Lease Adjudication