STATE OF NEW MEXICO



ENERGY, MINERALS and NATURAL RESOURCES DIVISION OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE



BRUCE KING GOVERNOR

ANITA LOCKWOOD CABINET SECRETARY

1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 87410 (505) 334-6178

June 20, 1994

Certified: P 987 892 079

E F WEBB CMS OILFIELD SERVICES INC PO BOX 316 FARMINGTON NM 87499

RE: CARANTA #1 J-23-32N-01W

Dear Mr. Webb,

It has been brought to my attention that no reports have been filed on the above referenced well since your company was approved as operator on April 28, 1989. An inspection conducted by personnel from this office on June 17, 1994 revealed that no apparent effort has been made to deepen and test the well as stated on a Sundry report received April 18, 1989.

You are hereby directed to file form C-103, as an intent to resume operations on or before July 20, 1994. Failure to comply will result in a case being called for CMS Oilfield Services Inc., US Fidelity and Guaranty, Surety and all other interested parties to appear and show cause why the Caranta #1 should not be plugged and abandoned in accordance with a division approved plugging program. After the intent has been received and approved you will be given 90 to 180 days to initiate activity.

If you have any questions you may call me at 334-6178.

Yours truly

Charles Gholson

Deputy Oil & Gas Inspector

CG/cs

xc: Rand Carroll, Counsel for OCD US Fidelity and Guaranty, Surety PO Box 1138 Baltimore MD 21203

Well File