



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GOVERNOR

CABINET SECRETARY

March 6, 1995

Sage Oil Company
P.O. Box 763
Hobbs, NM 88240

Re: Properly Abandoned Wells

Rule 201 A. states the operator of any well drilled for oil, gas or injection, for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof.

Rule 201 B. states a well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within 90 days after (1) A 60 day period following suspension of drilling (2) A determination that the well is no longer usable for beneficial purposes (3) A period of 1 year in which a well has been continuously inactive.

Your Sage Oil Company, Gulf State #1 in Sec 20-10S-27E Unit N, is well beyond the one year period allowed for nonproduction.

Please submit a plan to bring this well into compliance with the above rules no later than April 1, 1995.

Yours Truly,

D. Ray Smith
Field Rep II