

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

JENNIFER SALISBURY
CABINET SECRETARY

January 3, 1996

Mr Donald Craig
Santa Rita Exploration Corp
P.O. Box 798
Artesia, NM 88210

Re: Properly Abandoned Wells
Santa Rita Expl Corp, Moonlight 4 West #1, Ut D-4-8S-28E

Dear Donald;

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 & 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.

House Bill 65 has been passed by the legislature and provides some tax incentives for wells put back in production. However, if there are no plans to put this well back in service then it needs to be either plugged or properly temporarily abandoned.

Please advise this office within 15 days of your intentions.

Yours Truly,



Ray Smith
Deputy Oil & Gas Inspector

RS:br