

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

September 11, 1996

McKay Oil Co.
P.O. Box 2014
Roswell NM 88201

Re: Properly Abandoned Wells

The state of New Mexico is in the process at this time of reviewing leases and determining the number of 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 one 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 wells back in service then they need to be either plugged or properly abandoned.

After reviewing production records of McKay Oil Co. it is noted there are several wells that have no reported production from one to three years or longer.

Continued

The West Fork Unit	#1	C-32-4-22	Last production 2/95
Bonnie	1	O-30-5-22	No production 1994, 1995 & 1996
Wolf State	1	J-16-6-23	No production 1994, 1995 & 1996
Pipeline Com	2	K-26-6-22	None reported 1995 or 1996
Inexco State	1	N-32-5-22	Last reported production 3/95
"	2	J-32-5-22	No production 1994, 1995 & 1996
"	5	K-33-5-22	No production 1994, 1995 & 1996
"	7	J-33-5-22	No production 1994, 1995 & 1996
Camp State	1	J-25-5-22	Last reported production 8/01/88

According to your last letter of October 3, 1988 your Aikman #1 in P-36-5-26 was never completed.

Please forward to the Artesia office of the NMOCB by October 15, 1996 a plan to bring all of the above wells into compliance with Rule 201.

Yours Truly



Ray Smith
Deputy Oil & Gas Inspector