

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

7-31-97
Salado Operating L.L.C.
P.O.Box 1925
Hobbs, NM.88241

Re; Properly Abandoned Wells; Salado Operating East Henshaw Unit

Dear Sir;

The State of New Mexico is in the process at this time of reviewing leases to determine the number of abandoned and shut in 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. 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.

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.

Our records show no production or injection on the following list of wells at least as far back as 1994. Please forward to the NMOCDD office in Artesia by September 15, 1997 a plan to bring these wells into compliance with Rule 201.

Yours truly,



Tim Gum