

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON  
GOVERNOR

JENNIFER SALISBURY  
CABINET SECRETARY

12-15-97

Remuda Operating  
301 N. Colorado Suite 150  
Midland, Texas 79701

Re; Properly Abandoned Wells;

Dear Sir,

The state of New Mexico is in the process at this time of reviewing leases to determin the number of abandoned and shut in wells.

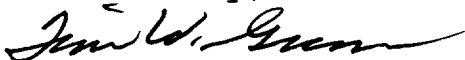
Rule 201 A. states " The operator of any well drilled for oil, gas or injection, for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof."

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 supension of drilling.{2} A determination that the well is no longer 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 a well or wells back in service then plugging or proper temperary abandonment will be required.

We have in our files your C-103 intent to plug both wells dated August 1,1980, so please forward to the NMOCD office in Artesia by February 2,1998 your plan to bring the following list of wells in to compliance weth rule 201. Failure to respond to this request will result in us asking our legal department in Santa FE to schedule a hearing so you may appear and show cause why these wells should not be plugged.

Yours truly,



Tim Gum

Remuda Operating

Southern Union State Com. # 1 Sec.13-16-31 Ut. J  
Pan American 13 State # 1 Sec.13-16-31 Ut. A