

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

February 26, 1997

RPM Energy Inc.
P.O. Box 1207
Big Spring TX 79721

Re: Properly Abandoned Wells, State #1, 2 & 3, Exxon #1, Exxon A #1
and #2, Eddy County New Mexico.

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.

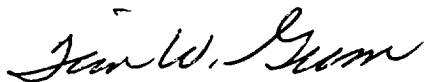
Rule 201 B. states a well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within 90 days after (1) a 60 day period following suspension of drilling. (2) a determination that the well is no longer usable for beneficial purposes. (3) a period of 1 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 these wells back into service then they need to be either plugged or properly temporarily abandoned.

The last reported production on the above captioned wells was 1982 to 1985. Please forward to the NMOCDD Artesia office by April 15, 1997 a plan to bring these wells into compliance with Rule 201.

Failure to respond 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 W. Gum
District II Supervisor