

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

9-24-97

Pendragon Energy Partners Inc.
621 17th St. # 750
Denver, Colorado 80293

Re; Properly Abandoned Wells, Pendragon Amoco State # 1, Sec.36-
17-30 Eddy County, NM.

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.

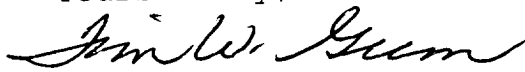
Rule 201 A. states " The operator of any well drilled for oil, gas or injection, for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof."

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 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 a well or wells back in service then plugging or proper temporarily abandonment will be required.

Please fordward to the Oil Conservation Division office in Artesia by November 15, 1997 a plan to bring the above captioned well(s) into compliance with rule 201.

Yours truly,


Tim Gum