

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

MEMORANDUM

TO: PRODUCTION MANAGER
FROM: ^{TG by RS} TIM W. GUM, DISTRICT II SUPERVISOR
DATE: JUNE 25, 1996
RE: PROPERLY ABANDONED WELLS

The State of New Mexico is in the process at this time of reviewing leases and determining the number of inactive 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 this well back in service then it needs to be either plugged or properly temporarily abandoned.

Please use Form C-103 to indicate your intentions for the following inactive well(s):

Palmillo State #2 J 32-18S-29E

Please advise this office within 15 days of the date shown above as to your intentions for the above listed well(s). Use the enclosed C-103 for the Notice of Intention.