

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

June 12, 1997

Meteor Development
511 16th Street, Ste 400
Denver, Co 80202

Re: Properly Abandoned Well, Meteor Development, Martin #3 and #5 in
Sec 20 T-22S R-27E, Eddy County, New Mexico

Dear Sir;

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 one 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 wells back in service then they need to be either plugged or properly temporarily abandoned.

Mr. Ray Smith wrote you on February 21, 1996 asking you to bring these wells into compliance and to date we have had no response from you.

Please send to the NMOCDD office in Artesia by July 15, 1997 a plan to bring these wells into compliance with rule 201. Failure to respond will result in us requesting our legal department in Sant 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