

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

JENNIFER SALISBURY
CABINET SECRETARY

June 26, 1996

Mr. William Michalak
Bird Creek Resources
1412 So. Boston, Ste. 500
Tulsa, OK 74119-3628

Re: Properly Abandoned Wells, Bird Creek Res., Skeen #1 K-28-22-27

Dear Mr. Michalak;

The state of New Mexico is in the process at this time of reviewing leases to determine 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 & 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.

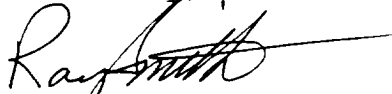
House Bill 65 has been passed by the legislature and provides some tax incentives for wells put back in production. However, if there are no plans to put this well back in service then it needs to be either plugged or properly temporarily abandoned.

After receiving your letter of Feb. 15, 1996, I received a call from Wade Alexander saying he planned to plug and abandon the well.

Since we have not received an intent to plug or heard from you on this matter the district supervisor has instructed me to ask our Legal Bureau to schedule a hearing so Bird Creek Resources can appear and show cause why the above captioned well should not be plugged.

Please let me hear from you on this matter by July 15, 1996.

Yours Truly,



Ray Smith
Deputy Oil & Gas Inspector