

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

November 22, 1996

Mr. Stan Morgan
Advantage Pumping Service
1728 Muscatel
Carlsbad NM 88220

Re: Properly Abandoned Wells, Advantage Pumping Service, Vasquez #1

Dear Mr. Morgan;

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.

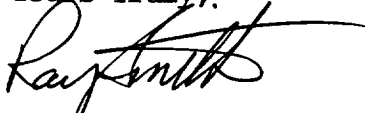
Rule 201 B. states a well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within 90 days after (1) a 60 day period following suspension of drilling. (2) A determination that the well is no longer usable for beneficial purposes. (3) a period of 1 year in which a well has been continuously inactive.

House Bill 65 has been passed by the legislature. The bill 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.

I wrote to you on June 6, 1996 in regard to the above captioned well and you called me at 2:00 P.M. June 13, 1996 to inquire as to what you would need to do and informed me you would address this problem.

Failure to respond to this notice by Jan. 3, 1997 will result in this office requesting our legal department to schedule a hearing so you may appear in Santa Fe and show why this well should not be plugged.

Yours Truly,



Ray Smith
Deputy Oil & Gas Inspector