

PECOS PETROLEUM ENGINEERING, Inc.
P.O. BOX 1794
200 W. FIRST ST., SUITE 536
ROSWELL, NEW MEXICO 88202
505-624-2800

March 18, 2002

Mr. Sealy H. Cavin, Jr.
Stratton & Cavin, P.A.
P.O. Box 1216
Albuquerque, New Mexico 87103-1216

Re: Oil Conservation Commission Case No. 12811
Compliance of inactive wells with Rule 201
Hearing scheduled for March 21, 2001

Dear Mr. Cavin:

The New Mexico Oil Conservation Commission has scheduled for hearing Case No. 12811 on March 21, 2002 to consider and order requiring operators of 388 inactive wells to bring said wells into compliance with O.C.D. Rule 201. Included in this group of wells are four (4) wells operated by Strata Production Company. These wells are:

Obrien #1	Sec. 25, T7S-R29E	Chaves County, New Mexico
Duncan Federal #1	Sec. 11, T16S-R30E	Eddy County, New Mexico
Norman Federal #1	Sec. 14, T16S-R30E	Eddy County, New Mexico
Remuda Basin "20" Federal #1	Sec. 20, T23S-R30E	Eddy County, New Mexico

Strata has ask me to review these wells and determine if they can be returned to production, have any beneficial use or if they should be plugged and abandoned. The Obrien #1 has some potential in the San Andres, but would require recementing across the interval, stimulation and production equipment to enable the zone to produce. This well is a low priority well and there are no immediate plans to rework it. A plugging procedure has been submitted to the O.C.D. for approval and Mayo Mars Casing Pulling, Inc. has been contacted and the well has been placed on their schedule to be plugged during the first part of April.

The Duncan Federal #1 and the Norman Federal #1 are capable of producing small volumes of low BTU gas, but the purchaser in the area won't set a meter for these low volume wells. There is no short term solution for this problem and Strata has no option except to plug and abandon these two (2) wells. Plugging procedures have been submitted to the BLM for approval and Mayo Mars Casing

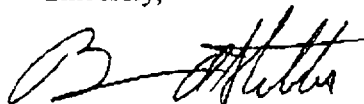
Strata Production Company
Exhibit No. 1
Case No. 12811

Pulling, Inc. has been contacted and the wells have been placed on their schedule to be plugged in mid April.

The Remuda Basin "20" Federal #1 is a depleted Brushy Canyon well and does not appear to have any other productive zones in the wellbore. Strata's future development in the Nash Draw Unit and the 49'r Ridge unit will necessitate additional water disposal capacity. While this capacity is not needed now, Strata is preparing an application to convert this well to SWD and will convert this well after approval of the SWD permit. I anticipate the completion of the permit during the week of March 25th.

Attached are copies of the plugging applications and the bid from Mayo Mars Casing Pulling, Inc. Should you need any additional information concerning these wells, please call me at 505-624-2800.

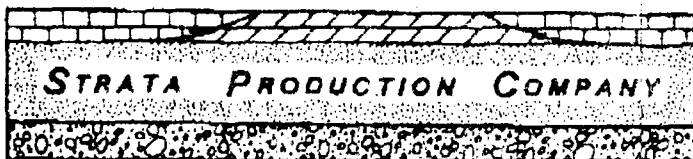
Sincerely,

A handwritten signature in black ink, appearing to read "B. Stubbs", written over a horizontal line.

Bruce A. Stubbs, P.E.

cc: Mark B. Murphy
Strata Production Company

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 822-1127
FACSIMILE (505) 823-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88203

March 14, 2002

Oil Conservation Division
1301 Grand Ave.
Artesia, New Mexico 88210

Re: Form C-103 Sundry Notices
O'Brien #1
Section 25-7S-29E
Chaves County, New Mexico

Gentlemen:

For your review and approval, please find enclosed herewith one (1) original and three (3) copies of OCD Form C-103 for the Notice of Intent to Plug and Abandon the above referenced well.

Also attached are copies of BLM Form 3150-5 Sundry regarding the Abandonment of the Duncan Federal #1 and Norman Federal #1.

Should you require additional information regarding this matter, please contact this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kelly M. Britt".

Kelly M. Britt
Production Records

Enclosures

3 Copies
replete
Office

ICT I

French Dr., Hobbs, NM 88240

ICT II

First Street, Artesia, NM 88210

ICT III

Jr. Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL API NO.

30-005-62340

5. Indicate Type of Lease

STATE ☐ FEB ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

O'Brien

8. Well No.

#1

9. Pool Name or Wildcat

Miller Lake Abo

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.

1. Name of Well:

2. Type of Well: ☐ OIL ☒ GAS ☐ OTHER

3. Name of Operator

STRATA PRODUCTION COMPANY

4. Address of Operator

P.O. BOX 1030, ROSWELL, NEW MEXICO 88202-1030

5. Location

Unit Letter: C : 660' Feet From The North Line and 1900' Feet From The West Line

Section 25 Township 7S Range 29E NMPM Chaves County

10. Elevation (Show whether DF, RCB, RT, GR, etc.)

4104'

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

DRILL REMEDIAL WORK ☐ PLUG AND ABANDON ☒
ORABLY ABANDON ☐ CHANGE PLANS ☐
OR ALTER CASING ☐
R: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER ☐

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work)

BE RULE 1103

Set CIBP @ 6425', with 35' cement. Circulate hole with 9# mud. Cut and pull casing @ +/- 5300'.
Spot 100' plug, 25 sx half in and half out of casing stub, tag plug. Spot 100' plug, 25 sx, 3550' -
3450'. Spot 100' plug, 25 sx, 2278' - 2378', tag plug. Spot 100' plug, 25 sx, 877' - 977'. Spot 100'
plug 25 sx, 288' - 388'. Spot 80', 15 sx surface plug. Install dryhole marker, clean location and rip.

(Attachment: Plugging Procedure)

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kelly M. Britt TITLE PRODUCTION RECORDS DATE March 14, 2002

OR PRINT NAME Kelly M. Britt TELEPHONE NO. 505-622-1127

Space for State Use

APPROVED BY _____ TITLE _____ DATE _____
REASONS OF APPROVAL, IF ANY: _____

EXISTING

O'BRIEN #1
660' FNL & 1900' FWL
SEC. 25-T7S-R29E
CHAVES COUNTY, NM
API # 30-005-82340
SPUD DATE: 9/23/86

PROPOSE

13 3/8" @ 233
375 SX
CIRC.

60', 15 SX., SURFACE PLUG
100', 25 SX., 288-388'
100', 25 SX., PLUG 877'-977'

SALT 922'

SALT 1232'

SAN ANDRES 2328'

8 5/8" @ 2328'
1150 SX.
CIRC. 100 SX.

100', 25 SX., PLUG 2278'-2378'
TAG PLUG

LORIETTA 3525'

100', 25 SX., PLUG 3550-3450'

BBE 5013'

CUT AND PULL CASING @ +/- 8300'
100', 25 SX 1/2 IN AND 1/2 OUT OF STUB
TAG PLUG

TOC @ 5458' (CBL)

IO 5780'

2 7/8" TUBING

S.N. @ 8480'. OPEN ENDED
PERF. 6488-6512'

CIRP @ 8425', W/ 35' CEMENT

CIRP @ 6901'
PERF. 8991-93', 7065-87', 7078-82'
5 1/2" CASING @ 7201'
425 SX.
5 1/2" X 7 5/8" = .1733 CU. FT. / FT.
425SX + 25% EXCESS = 2425' FILL

SCC 7056'

PLUG @ 7410'-7510'

INSTALL DRY HOLE MARKER
CLEAN LOCATION AND RIP

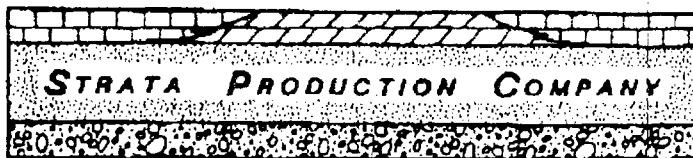
SS. 7510'

PLUG @ 7890'-7890'

T.D. 8100'

MONIAN 7838'

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88203

TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

March 14, 2002

Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88201

Re: Form 3160-5 Sundry Notice:
Duncan Federal #1
Section 11-16S-30E
Eddy County, New Mexico
Norman Federal #1
Section 14-16S-30E
Eddy County, New Mexico

Gentlemen:

For your review and further handling, please find enclosed herewith one (1) original and five (5) copies of BLM Form 3160-5 Sundry Notices concerning the Notice of Intent of Abandonment on the above captioned wells.

Please return one approved copy of the same to this office for completion of our files. Should you require additional information, please advise.

Sincerely,

Kelly M. Britt
Production Records

enclosures

5160-5
1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

Type of Well
Oil ☐ Gas ☐
Well ☐ Well ☒ Other ☐

Name of Operator

STRATA PRODUCTION COMPANY

Address and Telephone No.

P. O. Box 1030

Roswell, New Mexico 88202-1030

505-622-1127

Description of Well (Footage, Sec., T., R., M., or Survey Description)

860' FSL & 680' FWL

Section 11-16S-30E

5. Lease Designation and Serial No.

NM - 11814

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Duncan Federal

9. API Well No.

#1

10. Field and Pool, or Exploratory Area

Henshaw - Q - G - SA

11. County or Parish, State

Eddy

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☒ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Other: Report number of multiple completion on Well Completion or Recompletion Report and Log Form.)

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, include azimuth locations and measured true vertical depths for all markers and zones pertinent to this work.)

Set CIBP @ 2500' w/35' cement. Circulate hole with 9#/Gal mud. Spot 200' plug, 120 sx, 1340' - 1540'.
Spot 200' plug, 20 sx 350' - 550'. Spot 50' plug, 5 sx surface plug. Install dry hole marker. Clean location,
rip and reseed.

(Attachment: Plugging Procedure)

I hereby certify that the foregoing is true and correct

Signed Kevin M. Britt Title Production Records

Date March 14, 2002

Leave space for Federal or State office use)

Approved by _____ Title _____

Date _____

Conditions of approval, if any:

Whoever makes any statement in this form, or who causes any statement to be made, shall be liable under the provisions of the U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations or to any matter within its jurisdiction.

* See Instruction on Reverse Side

F3160-5.WK1

T. SALT 450'

T. YATES 1440'

T. QUEEN 2250'

T. PENROSE 2520'
T. GRAYBURG 2640'

T. SAN ANDRES 2978'

8 5/8" CASING @ 446'
300 SX - TOC @ 45'
REDY-MIX 45'-SURF.

860' FSL & 660' FWL
SEC. 11-T16S-R30E
EDDY COUNTY, NM
API # 30-015-22937
SPUD DATE: 6/11/79

50', 5 SX SURFACE PLUG
200', 20 SX, PLUG 350-550'

200', 20 SX, PUG 1340-1540'

LOAD HOLE WITH 9 #GAL. MUD

2 3/8" TUBING @ 2475'

PERF. 2524-34'

CIBP @ 2500' W/ 35' CEMENT

PBTD 2685'

INSTALL DRY HOLE MARKER
CLEAN LOCATION, RIP AND RESEED

4 1/2" CASING @ 3010'
400 SX, HLC & 200 SX 50/50 POZMIX
4 1/2" X 7 5/8" = .2278 CU. FT. / FT.
600SX + 25% EXCESS=3100' FILL

3160-5
(1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

3. Lease Designation and Serial No.

NM - 11327

8. If Indian, Allottee or Tribe Name

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT" for such proposals

SUBMIT IN TRIPLICATE

Type of Well

Oil ☐ Gas ☐
Well ☐ Well ☒ Other ☐

Name of Operator

STRATA PRODUCTION COMPANY

Address and Telephone No.

P. O. Box 1030

Roswell, New Mexico 88202-1030

505-622-1127

Description of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FSL and 1980' FWL

Section 14-16S-30E

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Norman Federal

9. API Well No.

#1

10. Field and Pool, or Exploratory Area

Henshaw Q-G-SA

11. County or Parish, State

Eddy

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☒ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, a subsurface location and measured and true vertical depths for all markers and zones pertinent to this work.)

Set CIBP @ 2200' with 35' cement. Circulate hole with 9# mud. Cut and pull casing at +/- 1900'. Spot 100' plug, 25 sx, half in and half out of casing stub. Spot 100' plug, 25 sx, 1324' - 1424'. Spot 100' plug, 25 sx, 350' - 450'. 50', spot 15 sx surface plug. Install dry hole marker. Clean location, rip and reseed.

(Attachment: Plugging Procedure)

I hereby certify that the foregoing is true and correct

Signed Kelly M. Britt

Title Production Records

Date March 14, 2002

Use space for Federal or State office use

Approved by

Title

Date

Indications of approval, if any:

18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations or to any manner within its jurisdiction.

See Instruction on Reverse Side

FJ160-5.WK1

NORMAN FEDERAL #1
1980' FSL & 1980' FWL
SEC. 14-T16S-R30E
EDDY COUNTY, NM
API # 30-015-22748
SPUD DATE: 12/20/78

8 5/8" CASING @ 443'
300 SX - CIRC. 10 SX.

20 JTS. 2 3/8" TUBING
50', 15 SX. SURFACE PLUG
100', 25 SX., 350'-450'

100', 25 SX., 1324'-1424'

CUT AND PULL CASING @ +/- 1900'
100', 25 SX. 1/2 IN & 1/2 OUT OF STUB

CIBP @ 2200' W/ 35' CEMENT

TOC +/- 2080'

PERF. 2222-50'

PERF. 2504-16'

INSTALL DRY HOLE MARKER
CLEAN LOCATION, RIP AND RESEED

PBTD 3585' 3620' CIBP W/ 35' CEMENT
PERF. 3640-46', 3671'-73', 3688-90'

4 1/2" CASING @ 3824'
400 SX. "H"

4 1/2" X 7 5/8" = .2278 CU. FT. / FT.
600SX + 25% EXCESS=1740' FILL

T. SALT 450'

T. YATES 1424'
7-RVRS 1592'

T. QUEEN 2232'

T. PENROSE 2501'

METEX 2756'

PREMIER 2926'
T. SAN ANDRES 2952'
LOVINGTON 3056'

SLAUGHTER 3664'

MAYO MARRS CASING PULLING, INC.

P.O. Box 863

Kermit, Tx. 79745 915-586-3076

03-14-02

STRATA PRODUCTION COMPANY

PO. BOX 1030

ROSWELL, N.M. 88202

Attn: BRUCE STUBBS

PHONE 505-624-2800

FAX 505-623-1777

Dear Mr. Stubbs

Mayo Marrs Casing Pulling Inc. would like to submit an offer to P&A as follows:

O'BRIEN # 1	.....	\$ 11,830.00
NORMAN FED. # 1	.....	\$ 8,490.00
DUNCAN FED. # 1	.....	\$ 5,380.00

SALVAGE WOULD BE CREDITED BACK @ THE FOLLOWING RATES:

2 7/8" TUBING @ \$.85/FT

2 3/8" TUBING @ \$.45/FT

4 1/2" CASING @ \$ 1.25/FT

5 1/2" CASING @ \$ 2.15/FT

A RESPONSIBILITY SHEET IS ATTACHED.

ANY CHANGES DUE TO OCD, BLM OR STRATA WOULD BE BILLED FROM
OUR CURRENT RATES.We do appreciate the opportunity to furnish this bid and look forward to any help we may
be.

Sincerely,



Rickey Smith

O'Brien 3 wks
Norman + Duncan 5 wks

Mayo Marrs Casing Pulling Inc.
Materials for Turnkey bid

OPERATOR: STRATA
WELL: DUNCAN FED. # 1
DATE: 03-14-2002

	Mayo Marrs	Operator
Cement Per 45 Sacks	.... <u>X</u>	_____
Salt gel 35 Sacks	.... <u>X</u>	_____
CaCl Sacks _____	_____
Fresh Water 50 Bbls	.... <u>X</u>	_____
Brine Water 130 Bbls	.... <u>X</u>	_____
Pump Truck	.... <u>X</u>	_____
CIBP	.... <u>X</u>	_____
Packers _____	_____
Retainers _____	_____
Pulling unit & tubing tongs	.... <u>X</u>	_____
Elevators, slips, bowls	.... <u>X</u>	_____
Casing tongs thru 9 5/8	.... <u>X</u>	_____
Hydraulic jacks thru 9 5/8	.... <u>X</u>	_____
Welding as per procedure	.... <u>X</u>	_____
Casing cut nitro 1 _____	_____
Casing cut jet cutter 1 _____	_____
Perforating AS REQUIRED _____	_____
Tubing Workstring AS REQUIRED _____	_____
B.O.P. thru 2 7/8	.... <u>X</u>	_____
Equipment rentals if needed	.... _____ FISHING TOOL, ETC.	<u>X</u>
Dig working pit	.... <u>X</u>	_____
Cover working pit	.... <u>X</u>	_____
Dry Hole Marker	.... <u>X</u>	_____
Site preparation with anchors	.... _____	<u>X</u>
Salvage removal (Mayo Marrs)	.... <u>X</u>	_____
Salvage removal (Company)	.... _____	<u>X</u>
Miscellaneous:		

1. This bid is valid for ninety days from date of letter.
2. This bid is based on information provided by operator, any changes made by the operator, RRC, BLM or New Mexico OCD will be billed from our price sheets.
3. Not responsible for additional trucking due to lost circulation, water flows or disposal of pit fluids. Amount of Water furnished as to bid.
4. Land reclamation is the responsibility of operator.



MAYO MARRS CASING PULLING INC.

Mayo Marrs Casing Pulling Inc.
Materials for Turnkey bid

OPERATOR: STRATA
WELL: NORMAN FED. # 1
DATE: 03-14-2002

	Mayo Marrs	Operator
Cement Per 90 Sacks	.... <u>X</u>	_____
Salt gel 45 Sacks	.... <u>X</u>	_____
CaCl Sacks _____	_____
Fresh Water 50 Bbls	.... <u>X</u>	_____
Brine Water 190 Bbls	.... <u>X</u>	_____
Pump Truck	.... <u>X</u>	_____
CIBP	.... <u>X</u>	_____
Packers _____	_____
Retainers _____	_____
Pulling unit & tubing tongs	.... <u>X</u>	_____
Elevators, slips, bowls	.... <u>X</u>	_____
Casing tongs thru 9 5/8	.... <u>X</u>	_____
Hydraulic jacks thru 9 5/8	.... <u>X</u>	_____
Welding as per procedure	.... <u>X</u>	_____
Casing cut nitro	.... <u>X</u>	_____
Casing cut jet cutter	.... <u>X</u>	_____
Perforating AS REQUIRED _____	_____
Tubing Workstring AS REQUIRED	.... <u>X</u>	_____
B.O.P. thru 2 7/8	.... <u>X</u>	_____
Equipment rentals if needed	.... FISHING TOOL, ETC.	<u>X</u>
Dig working pit	.... <u>X</u>	_____
Cover working pit	.... <u>X</u>	_____
Dry Hole Marker	.... <u>X</u>	_____
Site preparation with anchors	.... _____	<u>X</u>
Salvage removal (Mayo Marrs)	.... <u>X</u>	_____
Salvage removal (Company)	.... _____	<u>X</u>
Miscellaneous:		

1. This bid is valid for ninety days from date of letter.
2. This bid is based on information provided by operator, any changes made by the operator, RRC, BLM or New Mexico OCD will be billed from our price sheets.
3. Not responsible for additional trucking due to lost circulation, water flows or disposal of pit fluids. Amount of Water furnished as to bid.
4. Land reclamation is the responsibility of operator.


MAYO MARRS CASING PULLING INC.

Mayo Marrs Casing Pulling Inc.
Materials for Turnkey bid

OPERATOR: STRATA

WELL: O'BRIEN # 1

DATE: 03-14-2002

	Mayo Marrs	Operator
Cement Per 145 Sacks	.... X	_____
Salt gel 85 Sacks	.... X	_____
CaCl Sacks	....	_____
Fresh Water 50 Bbls	.... X	_____
Brine Water 190 Bbls	.... X	_____
Pump Truck	.... X	_____
CIBP	.... X	_____
Packers	....	_____
Retainers	....	_____
Pulling unit & tubing tongs	.... X	_____
Elevators, slips, bowls	.... X	_____
Casing tongs thru 9 5/8	.... X	_____
Hydraulic jacks thru 9 5/8	.... X	_____
Welding as per procedure	.... X	_____
Casing cut nitro 1	.... X	_____
Casing cut jet cutter 1	.... X	_____
Perforating AS REQUIRED	....	_____
Tubing Workstring AS REQUIRED	....	_____
B.O.P. thru 2 7/8	.... X	_____
Equipment rentals if needed	.... FISHING TOOL, ETC.	.... X
Dig working pit	.... X	_____
Cover working pit	.... X	_____
Dry Hole Marker	.... X	_____
Site preparation with anchors	....	.... X
Salvage removal (Mayo Marrs)	.... X	_____
Salvage removal (Company)	....	.... X
Miscellaneous:		

1. This bid is valid for ninety days from date of letter.
2. This bid is based on information provided by operator, any changes made by the operator, RRC, BLM or New Mexico OCD will be billed from our price sheets.
3. Not responsible for additional trucking due to lost circulation, water flows or disposal of pit fluids. Amount of Water furnished as to bid.
4. Land reclamation is the responsibility of operator.


MAYO MARRS CASING PULLING INC.