ENERGY, MIL JALS AND NATURAL RESOUR 3 DEPARTMENT

GARY E. JOHNSON

OIL CONSERVATION DIVISION ARTESIA DISTRICT OFFICE

JENNIFER SALISBUR

August 22, 1996

Rand Carroll, Legal Bureau Oil Conservation Division 2040 S. Pacheco St. Santa Fe NM 87505

Re: Well Plugging, Grimm, Hunt, Brown & AM Arctic LTD, Mobil 32 #1, Sec. 32-25S-1E, Ut D, Dona Anna County

Dear Rand;

We recommend the above captioned well be plugged to protect fresh waters of the state of New Mexico, the environment and correlative rights in the area.

On June 4, 1993 and April 2, 1996 I wrote Mr. Jack Grimm for information regarding the status of the above well and received no response at all. Again I wrote him June 24, 1996 and informed him to properly TA the well he would need to test the casing every five years and I scheduled a mechanical integrity test for August 1996. To date we have received no response from Mr. Grimm.

The well is 20,270 ft. deep and has a 100 ft. cement plug across the 9 5/8" casing shoe at 10,861 ft.

As far as our records show this is all that has been done to this well and this work was reported April 1, 1980.

My instructions ar to ask for a show cause hearing to have this well brought into compliance by testing casing or plugging. I have included a copy of the well file with a plugging procedure just in case the state has to do this work.

Your Truly,

Ray Smith Deputy Oil & Gas Inspector