

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

8-1-97

Mr. Sonny Longo
Southeastern Petroleum, Inc.
P.O.Box 1893
Roswell, NM. 88202-1893

Re; Properly Abandoned Wells;

Dear Sonny;

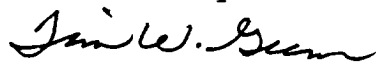
The State of New Mexico is in the process at this time of reviewing leases to determine the number of out of service wells.

Rule 201 A. states " The operator of any well drilled for oil, gas or injection, for seismic, core or any other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof.

Rule 201 B. 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 1 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 these wells back in service then they will need to be plugged or properly temporarily abandoned.

Yours truly,



Tim Gum