

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

9-17-97

U-Mex Inc.
P.O. Drawer 1517
Roswell, NM. 88201

Re; Properly Abandoned Wells, U-Mex Inc. Cannon Fee #4 & #5 in
ut. A-17-10-25 Eddy Co., NM.

The State of New Mexico is in the process at this time of
reviewing leases to determin the number of abandoned and shut in
wells.

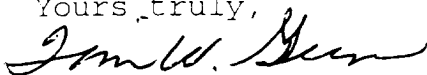
Rule 201 A. states " The operator of any well drilled for oil,
gas or injection, for seismic, core or other exploration, or for a
service well, whether cased or uncased, shall be responsible for
the plugging thereof."

Rule 201 B. A well shall be either properly plugged and
abandoned or temporarily abandoned in accordance with the 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 a well or wells back in service then
plugging or proper temporarily abandonment will be required

Please forward to the Oil Conservation Division office in
Artesia by November 1, 1997 a plan to bring the above captioned
wells in to compliance with rule 201.

Yours truly,



Tim Gum