

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. LUCHT
DIRECTOR

ENGINEER IN CHARGE
ARTESIA DISTRICT

11/17/87

U-Mex Inc.
P.O. Drawer 1811
Roswell, NM. 88701

Re: Properly Abandoned Wells, U-Mex Inc. Cannon Fee #4 & #5
w/ A-17-17-33 Bldg Co., NM.

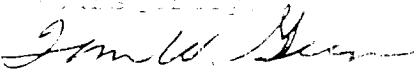
The State of New Mexico is in the process at this time of reviewing lease to determine the number of abandoned and shut in wells.

Rule 201 A. states 'The operator of any well drilled for oil, gas or injection, for seismic, core or other exploration or 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 66 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 temporary abandonment will be required.

Please forward to the Oil Conservation Division office in Artesia by November 1, 1987 a plan to bring the above captioned wells in to compliance with rule 201.

Very truly,


Tom W. Green