

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

JENNIFER SALISBU
CABINET SECRETARY

January 5, 1996

Southeastern Petroleum Inc
1601 E. Second
Roswell, NM 88201

Re: Properly Abandoned Wells; Double L #1, Queso St #1, 3 & 4

Dear Mr. Longo;

The state of New Mexico is in the process at this time of reviewing leases and determining the number of abandoned wells.

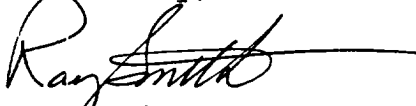
Rule 201 A. states the operator of any well drilled for oil, gas or injection, for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof.

Rule 201 B. states a well shall be either properly plugged and 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 need to be either plugged or properly temporarily abandoned.

Please advise the NMOCD District II office in Artesia, NM by February 1, 1996 of your plan to bring these wells into compliance.

Yours Truly,



Ray Smith
Deputy Oil & Gas Inspector

RS:br