

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

JENNIFER SALISBURY
CABINET SECRETARY

January 5, 1996

*Send
Registered
mail*

Rault Petroleum Corp
1100 Tulane Ave, Suite 1140
New Orleans LA 70112

Re: Properly Abandoned Wells

Dear Sirs;

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.

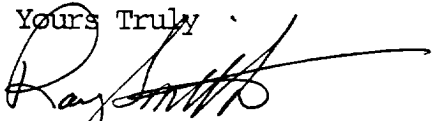
Rule 201 B. states a well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules with 90 days after (1) a 60 day period following suspension of drilling. (2) a determination that the well is no longer usable for beneficial purposes. (3) a period of 1 year 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.

After reviewing Rault Petroleum files we see there are numerous wells on state land as well as federal land that need to be plugged.

Please advise the NMOCDD 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