

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
GOVERNOR

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

JENNIFER SALISBU
CABINET SECRETARY

October 29, 1996

Certified Mail

Rocky Mountain Resources Inc.
7409 S. Alton Court, Suite 210
Englewood, CO 80112

Re: Properly Abandoned Wells, Rocky Mountain Resources, Border Hills
State #1, Sec. 17-11-20, Ut O

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.

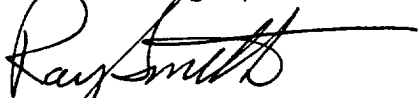
Rule 201 B. states a well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules with 90 days after (1) a 60 day period following suspension of drilling. (2) A determination that the well is no longer usable for beneficial purposes. (3) A period of 1 year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

We have no record of this well being completed or temporarily abandoned in accordance with Rule 201 B.

Please forward to the NMOCD Artesia office by August 1, 1996 a plan to bring this well into compliance with rule 201.

Yours Truly, ,



Ray Smith
Deputy Oil & Gas Inspector