

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**CASE NO. 11230
Order No. R-10348**

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT THE OPERATOR, LEONARD OIL COMPANY AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE STATE B-7717 WELL NO. 1 LOCATED APPROXIMATELY 1980 FEET FROM THE SOUTH LINE AND 660 FEET FROM THE EAST LINE (UNIT H) OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 6, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of April, 1995, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The witness in this matter, Ray Smith, Deputy Oil and Gas Inspector for the Division, testified via telephone from the New Mexico Oil Conservation Division District Office in Artesia, New Mexico.

(3) Leonard Oil Company was the last known owner and operator of the State B-7717 Well No. 1 located approximately 1980 feet from the South line and 660 feet from the East line (Unit H) of Section 2, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(4) According to Division records, the State B-7717 Well No. 1 was drilled in 1948 by Leonard Oil Company to a total depth of approximately 4,096 feet. Eight and 1/4-inch casing was set at 303 feet and cement circulated to surface, and a string of 7.0/5 1/2-inch casing was set at 3,975 feet and cemented with 130 sacks.

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

October 31, 1995

Rickie Smith, President
Mayo Marrs Casing Piling Inc
Box 863
Kermit, TX 78744

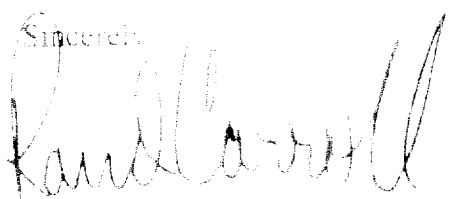
RE: Contract for plugging the Leonard Oil Company State -7717 well in Eddy County, H.Sec. 21, 1980 R29E, Eddy County, pursuant to Informal Order of the N.M. Oil & Gas Board No. 94-521-02-01172

Dear Mr. Smith:

It is my pleasure to inform you that Mayo Marrs has been awarded the contract for the above referenced H.R. for the plugging of one well in Eddy County. We will begin processing the contract through the state system and then send you five (5) copies of the contract for signature which you can expect in the next couple of weeks.

If you have any questions, please feel free to call me at 505-827-8111.

Sincerely,



Rand Carroll
Legal Counsel

cc: Tim Gunn
R. y. Smith

(5) The State B-7717 Well No. 1 was plugged and abandoned by Leonard Oil Company on May 26, 1953.

(6) A field inspection conducted by personnel from the Division's Artesia District Office in 1994 revealed that the State B-7717 Well No. 1 was leaking salt water at the surface as a result of improper plugging.

(7) The current condition of the State B-7717 Well No. 1 is such that if action is not taken to properly re-plug and abandon this well, waste may occur, correlative rights may be violated, and/or fresh water may be contaminated.

(8) The State B-7717 Well No. 1 is not currently covered by a plugging bond.

(9) All attempts by the Division thus far to contact Leonard Oil Company have been unsuccessful.

(10) No interested parties appeared at the hearing, either in support of or in opposition to this matter.

(11) The State B-7717 Well No. 1 should be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division as soon as possible.

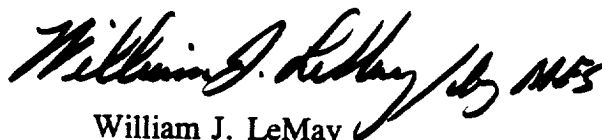
IT IS THEREFORE ORDERED THAT:

(1) The Supervisor of the Division's Artesia District Office is hereby authorized to direct the commencement of plugging operations on the State B-7717 Well No. 1 located approximately 1980 feet from the South line and 660 feet from the East line (Unit H) of Section 2, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


William J. LeMay
Director