

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE SUPERVISOR OF DISTRICT III, FOR AN ORDER
REQUIRING PITCO PRODUCTION COMPANY TO PROPERLY PLUG ONE
WELL IN SANDOVAL COUNTY, NEW MEXICO, AUTHORIZING THE
DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF
APPLICABLE PLUGGING BOND, IF ANY.**

CASE NO. _____

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Pitco Production Company ("Operator") is the operator of the following well (hereinafter the "subject well"), located in McKinley County, New Mexico:

- (1) State 36-22-06 No. 1, located 810 feet from the South line and 800 feet from the West line (Unit L) of Section 36, Township 22, North, Range 6 West, Sandoval County, New Mexico.

M 30-043-20386

2. The Division has been unable to find a record of a bond currently in force to secure the obligation of Operator to plug and abandon the subject well.

3. The subject well has not produced any hydrocarbon or carbon dioxide substance for more than one year and is no longer usable for beneficial purposes. No permit for temporary abandonment has been requested by the Operator or approved by the Division.

4. By virtue of Operator's failure to use the well for production or other beneficial purposes or to secure a current temporary abandonment permit, the well is presumed abandoned, and is required to be plugged.

*P2A @ Blandfield
in River*

with at least four 3 inch diameter vertical wood stays evenly spaced. When the gate is closed, the wires must be taut.

Cattleguards must be a least 8 feet wide. The length is left to the discretion of the operator. The Cattleguard must be set on concrete or pressure treated wood bases. All cattleguards must have wings installed on both ends. (If you install the bases at least 12 inches above the surrounding contour, and provide drainage through the open area under the cattleguard, you will not have to clean them so often).

All cattleguards must have clearly visible identification marks welded into them indicating the ownership, well name and number associated with the cattleguard.

J. Berms or firewalls will be constructed around all storage facilities sufficient in size to contain the storage capacity of the tanks, or combined capacity of tanks if a rupture could drain more than one tank.

K. A proposed use of pesticide, herbicide or other possible hazardous chemical on Federal or Tribal land shall be cleared for use prior to application.

III. Cultural Resources (Archaeology)

A. EMERGENCY DISCOVERY IN THE ABSENCE OF MONITORING: This stipulation applies in emergency discovery situations where monitoring for cultural resources was not being performed because the presence of cultural resources could not have been anticipated. If, in its operations, the operator discovers any historic or prehistoric ruin, monument, or site, or any object of antiquity subject to the Antiquities Act of 1906, the Archaeological Resource Protection Act of 1979, and 43 CFR Part 3, then work will be suspended and the discovery promptly reported to the Authorized Officer. The Authorized Officer will then specify what action is to be taken. The Authorized Officer will evaluate the discovery, evaluate its significance, and consult with the state Historic Preservation Officer. Minor recordation, stabilization, or data recovery shall be carried out by a qualified, permitted archaeologist. It is Authorized Officer's responsibility to ensure that such mitigation is carried out in accordance with 36 CFR Part 800.11. Given timeframes involved in Federal Agency's budgeting process, operators are strongly encouraged to fund such required mitigation. Further damage to significant cultural resources and operations in its vicinity will not be allowed until any required mitigation is successfully completed.

B. DISCOVERY OF CULTURAL RESOURCES DURING MONITORING: This stipulation applies to situations where archaeological monitoring was taking place because local geological conditions favored the presence of subsurface archaeological sites in the project area. If monitoring confirms the presence of subsurface sites, all work will cease in the site area. Monitor will immediately report all finds to the Authorized Officer. The Authorized Officer will specify what further steps must be taken to assess the damage to the sites and to mitigate any adverse effects to them. Monitoring in these circumstances is considered to be a form of inventory and operator will be responsible for obtaining at his/her

5. Division Rule 201.B, issued pursuant to the authority of NMSA 1978, Secs. 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year or are no longer usable for beneficial purposes be properly plugged.

6. Division Rule 101.M, issued pursuant to the same authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201, and to direct the Division to cause such well or wells to be plugged in accordance with a Division approved plugging program if, after the time provided in such order, the operator and its surety, if any, have failed to do so.

WHEREFORE, the Supervisor of District III of the Division hereby applies to the Director to enter an order:

- A. Determining whether the subject well should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the well should be plugged, directing the Operator to plug the well without delay.
- C. Further ordering that if the Operator or its surety, if any, fails to plug and abandon the well as ordered by the Director, the Division be authorized:
 - (i) to plug the subject well in accordance with a division-approved plugging program; (ii) to declare forfeit the bond furnished by the Operator, if any, to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (iii) to take necessary and appropriate measures to recover from the Operator any

expense a qualified permitted archaeologist to complete a damage assessment report and to carry out any mitigation required by Authorized Officer.

C. DAMAGE TO PREVIOUSLY IDENTIFIED SITE: This stipulation applies to situations where operations have damaged a previously identified archaeological site that was visible on the surface. If, in its operations, the operator damages, or is found to have damaged, any historic or prehistoric ruin, monument, or site, or any object of antiquity subject to the Antiquities Act of 1906, the Archaeological Resource Protection Act of 1979, and 43 CFR Part 3, the operator will prepare and implement a data recovery plan at his/her expense. The operator will obtain at his/her expense, a qualified, permitted archaeologist to carry out the specified instruction of the BLM.

IV. Reseeding and Abandonment

A. All surface areas disturbed during drilling activities and not in use for production activities, will be reseeded. Any stockpiled topsoil on location will be used in the reseeded effort. The goal of reseeding is successful revegetation to the sites capability.

B. Compacted areas of the well pad will be plowed or ripped to a depth of 12" before reseeding. Seeding will be done with a disc-type drill with two boxes for various seed sizes. The drill rows will be eight to ten inches apart. The seed will be planted between one-half inch deep and three-quarter inch deep. The seeder will be followed with a drag, packer or roller to insure uniform coverage of the seed, and adequate compaction. Drilling of the seed will be done on the contour where possible. Where slopes are too steep for contour drilling a "cyclo" hand-seeder or similar broadcast seeder will be used, using twice the recommended seed per acre. Seed will then be covered to a depth described above by whatever means is practical.

C. If, in the opinion of the surface management agency, the seeding is unsuccessful, the lessee/operator may be required to make subsequent seedings.

D. If, upon abandonment of wells, the retention of access roads is not considered necessary for the management and multiple use of the natural resources, it will be ripped a minimum of 12" in depth. All ripped surfaces are to be protected from the vehicular travel by construction of a dead-end ditch and earthen barricade at the entrance to these ripped areas. (Reseeding of the affected areas may be required).

costs of plugging the subject well in excess of the amount of the bond, if any, or the full amount thereof if no bond exists.

- D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505)-476-3450

Attorney for The New Mexico Oil
Conservation Division

McElvain Oil & Gas Properties, Inc.

Wellsite Layout

Badger Com 10 No.1A

940' FSL - 1395' FEL

Section 10, T25N, R2W, NMPM

Rio Arriba Co., New Mexico

Scale: 1" = 50'

