



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 5, 2001

Benson-Montin-Greer Drilling Corp
4900 College Boulevard
Farmington NM 87402

K-35-29N-12W

Re: Benson & Montin, Gallegos Canyon Unit #2, API# 30-045-07661
"Willy-nilly" Plugging and Abuse of Power

Dear Al:

Your description of the error we made due to the similarity in names is correct and you will be receiving a letter from our Santa Fe office about that.

However, we do need to clear up some misconceptions you may have concerning our plugging of this well.

When you made an earlier attempt to plug the referenced well, Mr. Stoabs made it clear that it was as a gesture toward the Montin family because of your long business and personal relationship with them, not as a charitable contribution to the State of New Mexico. The effort was minimal and totally unsuccessful. When we approached it with the correct procedures and equipment the plugging was quick and successful. Since you have no interest in this well and had already made an attempt to plug it for Benson & Montin I did not see any particular reason for us to notify you when we moved to plug it. The report of the plugging was published a week after it was completed.

Describing our plugging processes for this well as "willy-nilly" is unfair and inaccurate. This well was drilled in 1951 and had been left unbonded, uncased, unplugged, and uncontrolled allowing it to seep and bubble to the surface and potentially contaminate ground water. I am very surprised that you seem to excuse this irresponsible, reprehensible, and illegal operation by Benson & Montin. In May 1982 we held a public hearing to plug this well. There was no representation from Benson & Montin and they blatantly ignored the order to complete or plug the well. On November 12, 1982, I initiated a telephone conversation with Mr. William B. Montin in which he told me that he was going to ask you to plug the well for him. Four months later, after receiving no communication and out of deference to his age, I personally designed a plugging program and sent it and some forms to him urging him to move quickly to plug the well. We received no further communication from him. You and the Montin family have known since 1982 that we considered this well a hazard and that it should be plugged. We have been much more than generous in allowing the operator time to remedy the situation with this well. If we can be criticized it would only be for allowing this to continue for so long. Initially, this well was rather isolated in a farm field. But recently there has been a residential subdivision on land only a few feet from the well. We could no longer afford to wait. The argument for behind the pipe reserves on this well is fatuous. The well was intentionally neglected because there are no such reserves. The intermingling of fluids between formations in the uncased portions in the well bore may have permanently damaged the formations and if you or Benson & Montin had knowledge of such reserves, why didn't you act or advise Benson & Montin?

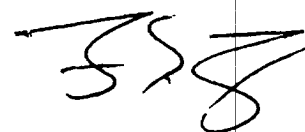
I am very concerned that you characterized our action to plug this well as "abuse of power." If you could point out to me how it was abusive we will make every effort to correct that abuse. If you cannot point that out, we will continue, as we have, to plug wells left by operators who have neglected and abused their financial, environmental, legal, and other responsibilities. If there are other wells which you think we have plugged "willy-

Page 2
Benson-Montin-Greer
July 5, 2001

nilly" or in which we have abused our authority please describe those to me, too, so that we can make the necessary modification to our business procedures.

You wrote of "the days of friendly cooperation between the OCD and producers." I don't think those days are over. The relationship with have with producers is very precious to us and I know that we can telephone any operator any day and discuss even very serious matters in a friendly way. We always include producers in committees and other discussions when we need expertise or input on regulations and enforcement.

Sincerely,

A handwritten signature in black ink, appearing to be 'F. Chavez'.

Frank T. Chavez
District Supervisor
ftchavez@state.nm.us

FTC/mk

Cc: well file

BMG

BENSON-MONTIN-GREER DRILLING CORP.

July 2, 2001



Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: CHARGE FOR PLUGGING
GALLEGOS CANYON UNIT WELL #2
SECTION 35, T-29N, R-12W
SAN JUAN COUNTY, NEW MEXICO:
A CASE OF MISTAKEN IDENTITY

Dear Frank:

Apparently OCD people plugged the captioned well in 1999. Our first knowledge of this action was advice from our bank dated June 27, 2001 of a draw against our plugging bond (copy enclosed).

The cause of the mistaken identity is a similarity in names of two different corporations. You and I reviewed this matter thoroughly 20 years ago, and your final decision was that the well would be plugged by the OCD and the costs charged to its "orphan well" account.

Some of the matters affecting your decision are reviewed here.

1. Title opinion dated May 6, 1982 by Richard Tully, copy enclosed.
2. Show cause hearing held by the OCD in Santa Fe on May 12, 1982 (case 7542, order R-6978, copy enclosed). At that hearing, it was determined that Benson-Montin-Greer Drilling Corp. had no responsibility regarding plugging of the Gallegos Canyon Unit #2 well. (There were two other wells involved at the show cause hearing. The OCD ordered them to produce or plug. One was returned to production. The other was not plugged because the landowner was using gas from it.)
3. Apparently OCD personnel recently mistook "Benson-Montin, Inc." and "Benson-Montin-Greer Drilling Corp." to be the same entity. That is not the case as pointed out earlier. Benson-Montin, Inc. owned some drilling equipment and so did Greer. The drilling equipment was merged in the 1950's to form Benson-Montin-Greer Drilling Corp.

different corporations.

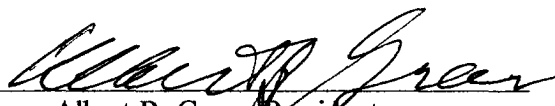
Benson-Montin-Greer does not now – and never did – own an interest in the subject well or lease, and has never been on a plugging bond for the well.

4. We told you earlier that we had no interest in the well, but if it could be plugged with our smallest rig when nearby, we would make an effort to do it just as a good will gesture to get the matter off the OCD books. (Not an unusual gesture. Those were the days of friendly cooperation between the OCD and producers; as for instance, the OCD looking to producers for experience in measuring gas, along with practical regulations covering compliance and enforcement.) he little rig was not capable of the job and after a short time attempting to clean out, we quit that operation.
5. At this juncture, we request the OCD withdraw its demand for funds against our account.
6. We would like to suggest that it is bad practice for the OCD to plug wells “willy-nilly” without contacting the presumed owner or responsible party to whom costs are to be charged. A number of adverse results could occur from this abuse of authority such as destroying the potential recovery of “behind-the-pipe” reserves. We hope that in the future your people will refrain from such actions.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

By:


Albert R. Greer, President

ARG/tlp

Enclosures

cc: Citizens Bank, Attn: Teresa Ellis



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

June 15, 2001

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Citizens Bank of Farmington
Attn: Ms. Sandy Williams
P.O.Box 4140
Farmington, NM 87499

DEMAND ON CASH COLLATERAL DEPOSIT

| | |
|-------------------------------|--|
| Re: Depository Institution: | First Interstate Bank of Farmington New Mexico |
| Account No. | Not reflected in our file |
| Depositor: | Benson-Montin-Greer Drilling Corp. |
| Assignee: | Oil Conservation Commission of New Mexico |
| <u>Date Deposit Assigned:</u> | <u>December 31, 1986</u> |

Dear Ms. Williams:

Demand is hereby made upon the referenced account for reimbursement of the sum of \$ 16,477.86, which was paid by the State of New Mexico to A-Plus Well Service, Inc., for plugging and abandonment, in accordance with the regulations of the New Mexico Oil Conservation Division, of Benson-Montin Greer Drilling Corp.'s (depositor's) Gallegos Canyon Unit #2 Well in San Juan County, New Mexico. The depositor failed to properly plug and abandon the well as required by the rules and orders of the Division.

Please find enclosed (1) copy of Assignment of Cash Collateral Deposit dated December 31, 1986, executed by Depositor and by Richard J. Palmer on behalf of First Interstate Bank of Farmington, New Mexico, and (2) copy of A-Plus Well Service Inc.'s Invoice No. 1585, dated July 30, 1999, in the amount of \$16,477.86, for plugging and abandonment of the subject well. The referenced invoice has been paid by the State of New Mexico.

Your remittance should be made payable to the NEW MEXICO OIL AND GAS RECLAMATION FUND, and forwarded to New Mexico Oil Conservation Division, Attn: Dorothy Phillips, 1220 S. St. Francis Drive, Santa Fe, New Mexico 87505.

Should you have any questions, please call me at (505)-476-3450.

Thank you in advance for your attention to this demand.

Very truly yours,

David K. Brooks
Assistant General Counsel

CD /
7
Less Demand

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

(Must be a federally-insured bank or savings institution
authorized to do business in New Mexico)

Date December 31, 1986

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, Benson-Martin-Greer Drilling Corp. (hereinafter referred to as "operator") of Farmington, New Mexico has deposited with the First Interstate Bank of Farmington, New Mexico (herein termed financial institution), the sum of \$50,000 in Certificate of Deposit (automatically renewable). Operator hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Operator and the financial institution agree that as to the deposited sum or funds:

- The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the Division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale or proper plugging of the well covered by this bond.
- Operator retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Operator agrees that the financial institution may deduct from interest due operator any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

Albert R. Greer
Signature of Operator,
Personally or by Authorized Officer

Albert R. Greer, President
Title

Richard J. Palmer
Signature of Authorized Officer
of Financial Institution

Vice President & Trust Officer
Title

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

On this 31 day of December, 1986, before me personally appeared Albert R. Greer to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Theresa L. Pechero
Notary Public

My Commission Expires:
6/20/90

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

On this 31st day of December, 1986, before me personally appeared Richard J. Palmer to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Sandy Williams
Notary Public

My Commission Expires:
1-30-89

BLANKET CASH PLUGGING BOND

KNOW ALL MEN BY THESE PRESENTS THAT Benson-Montin-Greer Drilling Corp., a corporation organized in the State of Delaware, with its principal office in the city of Farmington, State of New Mexico, and authorized to do business in the State of New Mexico is held and firmly bound to the Oil Conservation Division of the State of New Mexico (or its successor agency) in the sum of Fifty Thousand Dollars (\$50,000), lawful money of the United States.

The conditions of this obligation are such that:

The above applicant/operator desires to drill or purchase wells to prospect for and produce oil, gas, or carbon dioxide resources on land owned by private individuals or the State of New Mexico;

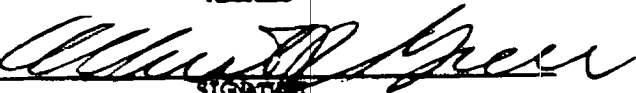
The applicant has deposited on behalf of the Division Fifty Thousand Dollars (\$50,000), being the principal sum intended to be secured, in the manner indicated on the attachment to this bond. Applicant pledges this sum as a guarantee that it, its executors, assigns, heirs or administrators shall plug the wells owned or operated by him if dry, or when abandoned, in accordance with the rules and orders of the Oil Conservation Division of the State of New Mexico in such a way as to confine the oil, gas and water in the strata in which they are found, and to prevent same from escaping to other strata. If the applicant does not so properly plug and abandon said wells upon order of the Division, the total sum of the bond shall be forfeited to the Division, and such amount as is necessary may be used to properly plug said wells. If the principal sum of this bond is less than the actual cost incurred by the Division in plugging said wells, the applicant, its successors, assigns, heirs or administrators shall be liable under the provisions of Section 70-2-38 NMSA 1978 of the Oil and Gas Act, and the Division may take action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs or administrators or any of them shall plug the wells owned or operated by it when dry or abandoned, in accordance with the rules, regulations and orders of the Division, in such a manner as to confine the oil, gas and water in the strata in which they naturally occur, and to prevent them from escaping into other strata, and further to clean up the surface location of said wells, NOW THEREFORE, this obligation shall be null and void and the principal sum shall be paid to the applicant, or its successors, heirs or administrators.

PROVIDED, HOWEVER, that upon thirty days notice from the Division to the applicant of intention to cancel this bond, the obligation shall terminate as to property or wells acquired, drilled or spudded after said thirty day period.

Benson-Montin-Greer Drilling Corp.
PRINCIPAL


221 Petroleum Center Building
Farmington, New Mexico 87401
ADDRESS


SIGNATURE

Albert R. Greer, President
TITLE

OIL CONSERVATION DIVISION

(Note: Principal of corporation affix corporate seal here.)

By 
Acting Director
1/6/87

A - PLUS WELL SERVICE, INC.**ORIGINAL
INVOICE**

P.O. BOX 1979
FARMINGTON, NM 87499
505-325-2627 • FAX: 505-325-1211

July 30, 1999

Oil Conservation Division
State of New Mexico
1000 Rio Brazos Road
Aztec, NM 87410

Attn: Charlie Perrin

Rig #8

INVOICE #1585

For re-entry and subsequent plugging and abandonment of the Gallegos Canyon Unit #2 well, which is located in Unit K, Section 35, T-29-N, R-12-W, San Juan County, NM.
This work was done under an emergency basis, Contract Number: _____

Cost Summary:

Line #1 - Double drum pulling unit:

| | | |
|--------------------------|-----------------------|-------------|
| 7-19-99 P&A Rig | 2.0 hours x \$100/hr | \$ 200.00 |
| Field Supervisor | 1 day | \$ 340.00 |
| 7-20-99 Full Package Rig | 12.0 hours x \$170/hr | \$ 2,040.00 |
| Field Supervisor | 1 day | \$ 340.00 |
| 2-7/8" stripping rubber | | \$ 70.00 |
| 7-21-99 Full Package Rig | 5.0 hours x \$170/hr | \$ 850.00 |
| P&A Rig | 5.5 hours x \$154/hr | \$ 847.00 |
| Field Supervisor | 1 day | \$ 340.00 |
| 7-22-99 P&A Rig | 7.0 hours x \$154/hr | \$ 1,078.00 |
| Field Supervisor | 1 day | \$ 340.00 |

Line #1 Total \$ 6,445.00

Line #2 - Move-in, move-out charges (Transportation):

| | | |
|------------|---|-----------|
| 7-20-99 #1 | Move rig equipment to location. | |
| Unit #151 | 5.5 hours at \$64.00/hr | \$ 352.00 |
| 7-22-99 #2 | Move rig equipment back to A-Plus yard; | |
| Unit #151 | 7.0 hours at \$64.00/hr | \$ 448.00 |

Total Line #2 Cost: \$ 800.00

Line #3 - Location and access preparation (Backhoe, Welder, etc.)

| | | |
|------------|--------------------------|-----------|
| 7-19-99 #3 | Headrick Backhoe, # 5745 | |
| Backhoe | 6.0 hours at \$ 45.00/hr | \$ 270.00 |

Line #4 - Rig Crew Travel Time:

| | | |
|------------------|-----------------------------|-----------|
| 7-19, 20, 21, 22 | 4 - Days at \$60.00 per day | \$ 240.00 |
|------------------|-----------------------------|-----------|

July 30, 1999

Rig #6

Oil Conservation Division
Payon Unit #2

INVOICE #1585

ARY:

| | |
|-----------------------------------|--------------|
| Double drum pulling unit: | \$ 6,445.00 |
| Move-in, move-out charges | \$ 800.00 |
| Location and access preparation: | \$ 270.00 |
| Crew Travel Time: | \$ 240.00 |
| Water Truck | \$ 760.00 |
| Equipment Cost: | \$ 2,336.40 |
| Setup Charge Cost: | \$ 1,500.00 |
| Working Workstring Cost: | \$ 331.20 |
| Third Party Charges: | |
| Total Third Party Charges | \$ 2,275.81 |
| Handling Fees 10% | \$ 227.58 |
| Handing Fees 10% | \$ 2,503.39 |
| Clean Up Location and P&A Marker: | \$ 350.00 |
| TOTAL | \$ 15,535.99 |
| TAX @ 6.0625% | \$ 941.87 |
| TOTAL DUE | \$ 16,477.86 |

RECEIVED
AUG 05 1999
OIL CON. DIV.
DIST. 3

OK for PAYMENT
Charlie T. Lerrin
8-5-99
8/17/99
D. L. Smith

086 25 BENSON MONTIN GREER DRLG CORP MAIL CD 00 OFF 11
SS 85-0116772
HOME 505-325-8874
4900 COLLEGE BOULEVARD BUS 000 0000
FARMINGTON NM 87402 DLY RATE 7.5342

| SECURITY RATE | ORIGINAL AMOUNT | PENALTY | PAYOFF | RATE |
|--------------------------|-----------------------|---------|---------------------------|--|
| 1/2001 | 50,000.00 | 229.17 | 49,981.79 | 5.5000 |
| LAST MAINT 05/24/2001 | HOLD AMT 50,000.00 | | DT NXT INT AMT NXT INT | 06/30/2001 226.03 MONTHLY CHECK 05/31/2001 233.56 |
| | | | DT LST INT AMT LST INT | |

ENTER OPTION ----

| MOUNT | STOP PAYMENT/HOLD PAY TO/CK #/CK DT | REASON | DT ON | DT OFF |
|----------|--|--------|------------|------------|
| 0.000.00 | | | 12/31/1986 | 00/00/0000 |

ENTER ADD, DEL, OR (ENTER)

COONEY & TULLY
ATTORNEYS AT LAW
811 WEST APACHE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268
505-327-3388

RICHARD T. C. TULLY, P.A.

RICHARD T. C. TULLY

JAMES B. COONEY, P.A.

JAMES B. COONEY (1908-1979)

May 6, 1982

Albert R. Greer, President
BENSON-MONTIN-GREER DRILLING CORP.
221 Petroleum Center Building
501 Airport Drive
Farmington, New Mexico 87401

Re: Gallegos Canyon #2 Well
Township 29 North, Range 12 West, N.M.P.M.
Section 35: SW/4
Containing 160 acres, more or less
San Juan County, New Mexico

TITLE OPINION

GENTLEMEN:

In order to ascertain the title to the oil, gas, and other minerals underlying the above-captioned lands, I have examined:

1. All instruments filed or recorded in the office of the County Clerk in and for San Juan County, New Mexico affecting the oil, gas, and mineral rights only underlying the above-captioned lands from January 31, 1947 to May 4, 1982 at 1:00 p.m.
2. Certain lease file records of Benson-Montin-Greer Drilling Corp., Farmington, New Mexico.
3. New Mexico Oil Conservation Division Docket for Case No. 7542 to be held on May 12, 1982.

From this examination, I find title to the working interests in the oil, gas, and other minerals underlying the above-captioned lands from the surface down to the base of the Pictured Cliffs Formation thereof to be vested as set forth below:

Working Interest

Amoco Production Company

50%

BENSON-MONTIN-GREER

Title Opinion

May 6, 1982

Page Two

National Drilling Company, Inc.

50%

A hearing has been called by the New Mexico Oil Conservation Division on its own Motion to permit Benson-Montin-Greer Drilling Corp., Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the Gallegos Canyon Unit #2 Well located in Unit K, Section 35, Township 29 North, Range 12 West, N.M.P.M., San Juan County, New Mexico should not be plugged and abandoned in accordance with a Division approved plugging program.

The examination of the San Juan County records commenced with a review of the following described Oil and Gas Leases:

1. Oil and Gas Mining Lease dated January 31, 1947 between J. S. Hartman et al. as Lessor and Charles Newbold as Lessee. This Lease was filed in the records of San Juan County, New Mexico in Book 125, Page 145, and covered the E/2 SW/4 of Section 35, Township 29 North, Range 12 West, N.M.P.M. (among other lands).

2. Oil and Gas Mining Lease dated January 31, 1947 between J. S. Hartman et al. as Lessors and Charles Newbold as Lessee. This Lease was filed in the records of San Juan County, New Mexico in Book 125, Page 149, and covered the W/2 SW/4 of Section 35, Township 29 North, Range 12 West, N.M.P.M. (among other lands).

The examination of the County records commenced with the date of these Oil and Gas Leases and continued until May 4, 1982 at 1:00 p.m.

From this examination, it is the opinion of this writer that Benson-Montin-Greer Drilling Corp. is not responsible for the plugging and abandonment of the Gallegos Canyon #2 Well since it does not own any oil and gas interests of whatsoever kind and nature from the surface down to the base of the Pictured Cliffs Formation underlying the above-captioned lands.

Finally, attached hereto are copies of the following correspondence pertaining to the blanket plugging bond of Earl A. Benson and William V. Montin:

1. Letter dated April 6, 1951 from the New Mexico Oil

BENSON-MONTIN-GREER
Title Opinion
May 6, 1982
Page Three

Conservation Commission to E. A. Benson and W. V. Montin.

2. Letter dated March 24, 1958 from Benson-Montin to the New Mexico Oil Conservation Commission.

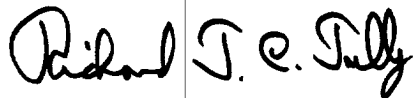
It appears from this correspondence that E. A. Benson and W. V. Montin have requested a release from their blanket plugging bond, and that only a one well bond was to be kept in force to cover the Riddle #1 Well located in the NE/4 NE/4 of Section 15, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico.

It will be necessary to review the records of the New Mexico Oil Conservation Division (successor to the New Mexico Oil Conservation Commission) in order to determine that the blanket plugging bond of Mr. Benson and Mr. Montin has been released. If this blanket plugging bond has been released, and there is not a single plugging bond outstanding against the Gallegos Canyon #2 Well by Mr. Benson and Mr. Montin, then the New Mexico Oil Conservation Division is estopped from seeking to have Mr. Benson and Mr. Montin plug and abandoned this well in accordance with a Division approved plugging program.

Finally, it should be brought to the attention of the New Mexico Oil Conservation Division that Benson-Montin-Greer Drilling Corp. is not the successor in interest to Earl A. Benson and W. V. Montin as well as Benson-Montin, Inc. With the similarity of names, it is possible that the New Mexico Oil Conservation Division has inadvertently assumed that Benson-Montin-Greer Drilling Corp. is the successor in interest to Mr. Benson and Mr. Montin as well as to the Benson-Montin, Inc.

DATED: May 6, 1982

Respectfully submitted,



RICHARD T.C. TULLY

RTCT:car
enclosures

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 7542
Order No. R-6978

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT BENSON-MONTIN-GREER DRILLING CORPORATION, HARTFORD ACCIDENT AND INDEMNITY COMPANY, AND ALL INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE FOLLOWING WELLS: DUSTIN NO. 1, LOCATED IN UNIT K, SECTION 6, AND THE GALLEGOS CANYON UNIT NO. 2, LOCATED IN UNIT K, SECTION 35, BOTH IN TOWNSHIP 29 NORTH, RANGE 12 WEST, AND THE SEGAL NO. 1, LOCATED IN UNIT K, SECTION 10, AND THE PRICE NO. 1, LOCATED IN UNIT N, SECTION 15, BOTH IN TOWNSHIP 31 NORTH, RANGE 13 WEST, SAN JUAN COUNTY, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 12, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of July, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That Benson-Montin-Greer Drilling Corporation is the owner and operator of the Dustin No. 1, located in Unit K, Section 6, Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, New Mexico.
- (3) That Hartford Accident and Indemnity Company is the surety on the Oil Conservation Division plugging bond on which Benson-Montin-Greer Corporation is principal.
- (4) That the purpose of said bond is to assure the state that the subject wells will be properly plugged and abandoned when not capable of commercial production.
- (5) That the Gallegos Canyon Unit Well No. 2 was never transferred from the ownership of Benson-Montin and said well is covered by no plugging bond at this time.

(6) That the current condition of each of said wells is such that waste may occur, correlative rights may be violated or fresh waters may be contaminated or lost if action is not taken to properly plug and abandon the same or return them to production.

(7) That there is some evidence that one or more of said wells may be successfully completed as producers within approximately 180 days.

(8) That in order to prevent waste and protect correlative rights said wells should be plugged and abandoned in accordance with a program approved by the Aztec District Office of the New Mexico Oil Conservation Division on or before October 30, 1982.

(9) That in the alternative the Supervisor of the Division's district office at Aztec may accept, on or before October 30, 1982, an acceptable plan to complete or recomplete any of said wells as a producer within 180 days following entry of this order.

IT IS THEREFORE ORDERED:

(1) That Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company are hereby ordered to plug and abandon the Dustin No. 1, located in Unit K, Section 6, Township 29 North, Range 12 West, and the Seal No. 1, located in Unit K of Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico on or before October 30, 1982.

(2) That Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company, prior to plugging and abandoning the above-described wells, shall obtain from the Aztec office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Aztec office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

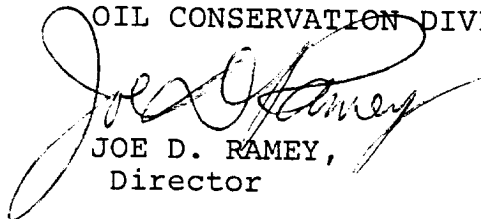
(3) That in the alternative, the Supervisor of the Division's district office at Aztec may permit any of said wells to be completed or recompleted as a producer provided that an acceptable plan for such work is filed with such office prior to October 30, 1982, provided that such work shall be completed within 180 days following entry of this order.

(4) Any such well failing to be completed or recompleted within such time period shall be plugged and abandoned as provided above within 60 days following the close of said 180 day period.

5) That jurisdiction of this cause is retained for the
of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director