

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

**CASE NO. 12975
ORDER NO. R-11910**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION FOR AN ORDER REQUIRING WALTER W. ANDERSON TO PROPERLY PLUG AND ABANDON ONE (1) WELL, IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG THIS WELL IN DEFAULT OF COMPLIANCE BY THE OPERATOR AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 5, 2002, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 24th day of February, 2003, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The New Mexico Oil Conservation Division ("Division") on its own motion seeks an order directing Walter W. Anderson of Caprock, New Mexico, to plug the following-described well in accordance with a Division-approved plugging program:

S. E. Anderson Estate Well No. 1 (**API No. 30-025-20488**),
located 660 feet from the North line and 1980 feet from the East
line (Unit B) of Section 30, Township 9 South, Range 35 East,
NMPM, Lea County, New Mexico.

(3) Should Walter W. Anderson fail to plug and abandon this well, the Division seeks an order authorizing the Division to plug and abandon this well and: (i) declare forfeiture of the bond furnished by Walter W. Anderson to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii)

take necessary and appropriate measures to recover from Walter W. Anderson any costs of plugging this well in excess of the amount of the bond, if any.

(4) Walter W. Anderson was not present and was not represented by legal counsel at the hearing.

(5) The Division presented evidence showing that Walter W. Anderson posted for this well a one-well surety plugging bond through American Employers' Insurance Company in the amount of \$5,000 (bond number A-R-71361-96) in compliance with NMSA 1978, Section 70-2-14 and New Mexico Oil Conservation Division ("Division") Rule 101, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the rules of the Division with respect to the proper plugging and abandonment of this well operated by Walter W. Anderson.

(6) The Division presented evidence that it had denied a written request from J. S. Ward & Son, Inc. of Artesia, New Mexico, to cancel the Walter W. Anderson one-well surety bond. This request was denied, "until such time as this well is transferred to another bonded operator".

(7) The Division also reported verbal contact from a Mr. Anderson, who indicated that Walter W. Anderson was deceased, but his heirs would proceed with plans to plug the well in accordance with state rules.

(8) The above-described S. E. Anderson Estate Well No. 1 was drilled in 1963 by Amerada Petroleum Corporation of Abilene, Texas, to a total depth of 12,690 feet, targeting Devonian oil. It was dually completed in the Jenkins-Devonian and Jenkins-Cisco and produced a reported total of 661,187 barrels of oil and 1,017,830 Mcf of gas. The last operator of record for this well was Walter W. Anderson. In July of 1983, Walter W. Anderson re-completed the well to the Jenkins-San Andres and the well subsequently produced 459 barrels of oil and 14,835 Mcf of gas.

(9) Jane Prouty, Computer Operations Specialist for the Division in Santa Fe, testified that the operator of this well has not filed monthly production reports for at least the past five (5) years.

(10) Chris Williams, District Manager of the Division's District I office in Hobbs, testified that: (i) the applicant's exhibits pertaining to well history were correct in this matter; and (ii) this well has been inactive for at least five (5) years and should be plugged.

(11) By virtue of the failure to use this well for beneficial purposes or to obtain approval for temporary abandonment, Walter W. Anderson is presumed to have abandoned the subject well.

(12) The current condition of this well is such that if action is not taken to properly plug and abandon the well, waste will probably occur, correlative rights will be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the New Mexico Oil Conservation Division ("Division"), Walter W. Anderson of Caprock, New Mexico, is hereby ordered on or before April 1, 2003, to plug and abandon the following-described well in accordance with an approved plugging program.

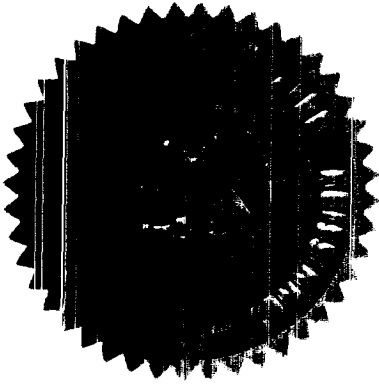
S. E. Anderson Estate Well No. 1 (**API No. 30-025-20488**),
located 660 feet from the North line and 1980 feet from the
East line (Unit B) of Section 30, Township 9 South, Range
35 East, NMPM, Lea County, New Mexico

(2) If Walter W. Anderson fails to bring this well into compliance as required by this Order, the Division shall then take such actions as are necessary to cause this well to be properly plugged and abandoned. Further, the Division shall then be authorized to: (i) declare forfeiture of the surety bond issued Walter W. Anderson by American Employers' Insurance Company (bond number A-R-71361-96), to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) take necessary and appropriate measures to recover from Walter W. Anderson any costs of plugging the subject well in excess of the amount recovered on this bond, if any.

(3) Failure to comply with the provisions of this order shall subject Walter W. Anderson to a fine of \$1,000 per day, commencing from the date of this order until such work is completed (see NMSA 1978, Section 70-2-31, as amended).

(4) Jurisdiction of this case is retained for the entry of further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, reading 'Lori Wrotenbery', written in dark ink. It is positioned to the right of the printed name and title.

LORI WROTENBERY
Director