

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

**CASE NO. 12494
ORDER NO. R-11496**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF DIVISION DISTRICT III IN AZTEC, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER: (I) REQUIRING A. P. A. DEVELOPMENT, INC. TO PROPERLY PLUG AND ABANDON TWENTY CERTAIN WELLS IN SAN JUAN COUNTY, NEW MEXICO; OR (II) AUTHORIZING THE DIVISION TO PLUG AND ABANDON THESE WELLS.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 21, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of December, 2000, 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) A. P. A. Development, Inc. of Cortez, Colorado is the current owner and operator of the following 20 wells located on the Navajo Indian Reservation all in Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico:

- (a) Navajo "M" Well No. 1 (API No. 30-045-11143), located 330 feet from the South and West lines (Unit M) of Section 33;
- (b) Navajo "M" Well No. 2 (API No. 30-045-11200), located 1980 feet from the South and West lines (Unit K) of Section 33;
- (c) Navajo "M" Well No. 8 (API No. 30-045-11195), located 1980 feet from the North line and 775 feet from the East line (Unit H) of Section 34;

- (d) Navajo "M" Well No. 9 (**API No. 30-045-11211**), located 660 feet from the North and East lines (Unit A) of Section 34;
- (e) Navajo "M" Well No. 10 (**API No. 30-045-11168**), located 2130 feet from the South line and 510 feet from the East line (Unit I) of Section 34;
- (f) Navajo "M" Well No. 11 (**API No. 30-045-11202**), located 1720 feet from the North line and 1750 feet from the East line (Unit G) of Section 34;
- (g) Navajo "P" Well No. 1 (**API No. 30-045-11198**), located 1950 feet from the North line and 610 feet from the West line (Unit E) of Section 35;
- (h) Navajo "P" Well No. 2 (**API No. 30-045-11158**), located 1920 feet from the South line and 1810 feet from the West line (Unit K) of Section 35;
- (i) Navajo "P" Well No. 3 (**API No. 30-045-11148**), located 580 feet from the South line and 2215 feet from the East line (Unit O) of Section 35;
- (j) Navajo "P" Well No. 4 (**API No. 30-045-11160**), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 35;
- (k) Navajo "P" Well No. 5 (**API No. 30-045-11153**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 35;
- (l) Navajo "P" Well No. 6 (**API No. 30-045-11152**), located 660 feet from the South and East lines (Unit P) of Section 35;
- (m) Navajo "P" Well No. 7 (**API No. 30-045-11162**), located 1980 feet from the South and East lines (Unit J) of Section 35;

- (n) Navajo "P" Well No. 8 (**API No. 30-045-11154**), located 660 feet from the South and West lines (Unit M) of Section 35;
- (o) Navajo "P" Well No. 9 (**API No. 30-045-11191**), located 1980 feet from the North and West lines (Unit F) of Section 35;
- (p) Navajo "P" Well No. 10 (**API No. 30-045-11256**), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 26;
- (q) Navajo "P" Well No. 11 (**API No. 30-045-11208**), located 810 feet from the North line and 510 feet from the West line (Unit D) of Section 35;
- (r) Navajo "P" Well No. 12 (**API No. 30-045-11156**), located 1830 feet from the South line and 810 feet from the East line (Unit I) of Section 35;
- (s) Navajo "P" Well No. 14 (**API No. 30-045-87060**), located 650 feet from the North line and 640 feet from the West line (Unit D) of Section 35; and
- (t) Navajo "P" Well No. 19 (**API No. 30-045-26728**), located 1450 feet from the South line and 1980 feet from the West line (Unit K) of Section 26.

(3) All of the above-described wells are located within two Navajo Tribal leases (Navajo Tribal lease No. 14-20-600-5013 for the Navajo "M" lease and No. 14-20-600-3540 for the Navajo "P" lease) and, in compliance with federal law, A. P. A. Development, Inc., as operator, has posted financial assurance in the form of Irrevocable Letters of Credit from Valley National Bank of Cortez in Cortez, Colorado in the combined amount of \$75,000,00.

(4) This required financial assurance is to assure that an operator will properly plug and abandon wells that are not capable of commercial production or no longer serve any useful purpose to such production operations.

(5) At this time, the Division seeks an order directing the operator to plug these wells in accordance with a Division-approved plugging program and, if the operator fails to

do so, authorizing the Division to proceed to plug and abandon these wells, order the recovery of any costs of plugging these wells from A. P. A. Development, Inc., and impose fines on the operator for failure to comply with this order.

(6) This matter was styled such that in the absence of objection this case would be taken under advisement. Representatives of the Division's district office in Aztec (District III) and the Division's office in Santa Fe prepared a detailed report and summary supporting its position that the subject wells should be plugged and abandoned.

(7) The operator did not appear at the hearing.

(8) None of the 20 subject wells has produced hydrocarbons or has otherwise been active for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(9) By virtue of the failure to use the subject wells for beneficial purposes or to have approved temporary abandonment permits, the subject wells are presumed to have been abandoned by A. P. A. Development, Inc.

(10) The current conditions of these wells are such that if action is not taken to properly plug and abandon these wells, waste will probably occur, correlative rights will also be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

(11) In order to prevent waste and to adequately protect correlative rights and the environment, the 20 above-described wells should be plugged and abandoned by A. P. A. Development, Inc. in accordance with a program approved by the supervisor of the Division's Aztec District Office on or before December 31, 2000.

(12) Should A. P. A. Development, Inc. not meet this December 31, 2000 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to recover from the operator any costs incurred by the Division.

(13) Further, the Division Director should seek reimbursement from the United States Department of the Interior from the above-described financial assurance currently in effect on the 20 above-described wells.

IT IS THEREFORE ORDERED THAT:

(1) A. P. A. Development, Inc. of Cortez, Colorado is hereby ordered to plug and abandon the following described 20 wells located on the Navajo Indian Reservation all in Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico on or

before December 31, 2000:

- (a) Navajo "M" Well No. 1 (**API No. 30-045-11143**), located 330 feet from the South and West lines (Unit M) of Section 33;
- (b) Navajo "M" Well No. 2 (**API No. 30-045-11200**), located 1980 feet from the South and West lines (Unit K) of Section 33;
- (c) Navajo "M" Well No. 8 (**API No. 30-045-11195**), located 1980 feet from the North line and 775 feet from the East line (Unit H) of Section 34;
- (d) Navajo "M" Well No. 9 (**API No. 30-045-11211**), located 660 feet from the North and East lines (Unit A) of Section 34;
- (e) Navajo "M" Well No. 10 (**API No. 30-045-11168**), located 2130 feet from the South line and 510 feet from the East line (Unit I) of Section 34;
- (f) Navajo "M" Well No. 11 (**API No. 30-045-11202**), located 1720 feet from the North line and 1750 feet from the East line (Unit G) of Section 34;
- (g) Navajo "P" Well No. 1 (**API No. 30-045-11198**), located 1950 feet from the North line and 610 feet from the West line (Unit E) of Section 35;
- (h) Navajo "P" Well No. 2 (**API No. 30-045-11158**), located 1920 feet from the South line and 1810 feet from the West line (Unit K) of Section 35;
- (i) Navajo "P" Well No. 3 (**API No. 30-045-11148**), located 580 feet from the South line and 2215 feet from the East line (Unit O) of Section 35;
- (j) Navajo "P" Well No. 4 (**API No. 30-045-11160**), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 35;

- (k) Navajo "P" Well No. 5 (**API No. 30-045-11153**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 35;
 - (l) Navajo "P" Well No. 6 (**API No. 30-045-11152**), located 660 feet from the South and East lines (Unit P) of Section 35;
 - (m) Navajo "P" Well No. 7 (**API No. 30-045-11162**), located 1980 feet from the South and East lines (Unit J) of Section 35;
 - (n) Navajo "P" Well No. 8 (**API No. 30-045-11154**), located 660 feet from the South and West lines (Unit M) of Section 35;
 - (o) Navajo "P" Well No. 9 (**API No. 30-045-11191**), located 1980 feet from the North and West lines (Unit F) of Section 35;
 - (p) Navajo "P" Well No. 10 (**API No. 30-045-11256**), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 26;
 - (q) Navajo "P" Well No. 11 (**API No. 30-045-11208**), located 810 feet from the North line and 510 feet from the West line (Unit D) of Section 35;
 - (r) Navajo "P" Well No. 12 (**API No. 30-045-11156**), located 1830 feet from the South line and 810 feet from the East line (Unit I) of Section 35;
 - (s) Navajo "P" Well No. 14 (**API No. 30-045-87060**), located 650 feet from the North line and 640 feet from the West line (Unit D) of Section 35; and
 - (t) Navajo "P" Well No. 19 (**API No. 30-045-26728**), located 1450 feet from the South line and 1980 feet from the West line (Unit K) of Section 26.
- (2) A. P. A. Development, Inc., prior to plugging and abandoning the above-

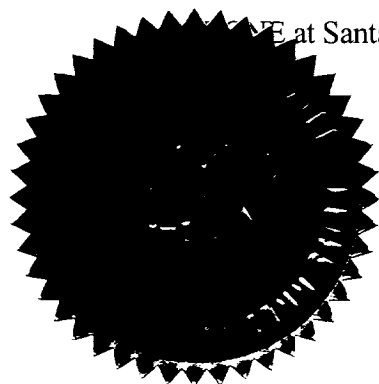
described wells, shall obtain from the supervisor of the Division's District Office in Aztec, an approved plugging program and shall notify the Aztec District Office of the date and time this work is to commence whereupon the Division may witness such work.

(3) Should A. P. A. Development, Inc. fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such actions as are necessary to have these wells properly plugged and abandoned. Further, the Division shall then be authorized to take such action as is deemed necessary to recover from the operator any costs incurred by the Division.

(4) Further, the Division Director shall seek reimbursement from the United States Department of the Interior from any financial assurance currently in effect on the 20 above-described wells.

(5) Failure to comply with the provisions of this order shall subject A. P. A. Development, Inc. to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

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



SEAL

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script that reads "Lori Wrotenbery".

LORI WROTENBERY
Director