

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

**CASE NO. 12457
ORDER NO. R-11518**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF DIVISION DISTRICT II IN ARTESIA, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER: (I) REQUIRING JACK J. GRYNBERG TO PROPERLY PLUG AND ABANDON FIVE CERTAIN WELLS IN CHAVES COUNTY, NEW MEXICO; OR (II) AUTHORIZING THE DIVISION TO PLUG AND ABANDON THESE WELLS, AND ORDERING A FORFEITURE OF ANY PLUGGING BOND(S) COVERING THESE WELLS.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 11, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of January, 2001, 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) Jack J. Grynberg of Denver, Colorado is the current owner and operator of the five following-described wells located in either Sections 16 or 32, Township 5 South, Range 24 East, NMPM, Chaves County, New Mexico:

- (a) Grynberg "16" State Well No. 1 (API No. 30-005-61149), located 660 feet from the South and East lines (Unit P) of Section 16;
- (b) Grynberg "16" State Well No. 3 (API No. 30-005-61151), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 16;
- (c) Grynberg "16" State Well No. 4 (API No. 30-005-61152), located 1980 feet from the North and East

lines (Unit G) of Section 16;

- (d) Grynberg "32" State Well No. 3 (**API No. 30-005-61344**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 32; and
- (e) Grynberg "32" State Well No. 4 (**API No. 30-005-61364**), located 1980 feet from the North and West lines (Unit F) of Section 32.

(3) All of the above-described wells are located on State leases and, in compliance with Section 70-2-14, NMSA 1978 and Division Rule 101, Jack J. Grynberg, as operator, has posted a blanket cash plugging bond in the amount of \$50,000.00 in a certificate of deposit with Wells Fargo, formerly the First Interstate Bank of Santa Fe, in Santa Fe, New Mexico, assigned to the Division (Bond No. OCD-221).

(4) The purpose of this bond is to assure the Division that any and all wells on State or fee leases operated by Jack J. Grynberg will be properly plugged and abandoned when not capable of commercial production or no longer utilized for some other beneficial purpose.

(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 and: (i) declare forfeiture of Jack J. Grynberg's blanket cash bond held by Wells Fargo and order its foreclosure; (ii) order the recovery of any costs of plugging these wells in excess of the amount of the bonds from Jack J. Grynberg; and (iii) 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 Artesia (District II) 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) All five of the subject wells have not produced hydrocarbons and have been inactive 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 Jack J. Grynberg.

(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 both correlative rights and the environment these five wells should be plugged and abandoned by Jack J. Grynberg in accordance with a program approved by the supervisor of the Division's Artesia district office on or before March 1, 2001.

(12) Should Jack J. Grynberg not meet this March 1, 2001 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to foreclose on the subject plugging bond and to recover from the operator any costs in excess of the amount of the bond in order to help defer such plugging cost accrued by the Division.

IT IS THEREFORE ORDERED THAT:

(1) Jack J. Grynberg of Denver, Colorado is hereby ordered to plug and abandon the five following-described wells located in either Sections 16 or 32, Township 5 South, Range 24 East, NMPM, Chaves County, New Mexico on or before March 1, 2001:

- (a) Grynberg "16" State Well No. 1 (**API No. 30-005-61149**), located 660 feet from the South and East lines (Unit P) of Section 16;
- (b) Grynberg "16" State Well No. 3 (**API No. 30-005-61151**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 16;
- (c) Grynberg "16" State Well No. 4 (**API No. 30-005-61152**), located 1980 feet from the North and East lines (Unit G) of Section 16;
- (d) Grynberg "32" State Well No. 3 (**API No. 30-005-61344**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 32;
and

- (e) Grynberg "32" State Well No. 4 (**API No. 30-005-61364**), located 1980 feet from the North and West lines (Unit F) of Section 32.

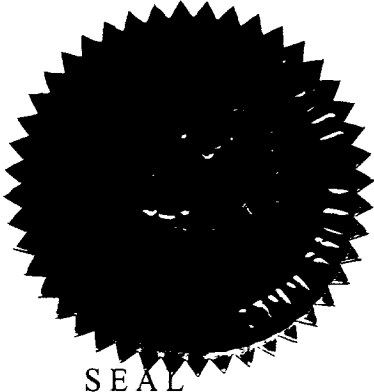
(2) Jack J. Grynberg, prior to plugging and abandoning the five above-described wells, shall obtain from the supervisor of the Division's district office in Artesia, an approved plugging program and shall notify the Artesia District Office of the date and time this work is to commence whereupon the Division may witness such work.

(3) Should Jack J. Grynberg 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 foreclose on the \$50,000.00 blanket cash plugging bond being held in a certificate of deposit with Wells Fargo of Santa Fe, New Mexico (Bond No. OCD-221) and to recover from the operator any costs in excess of the amount of the bond in order to help defray such plugging cost incurred by the Division.

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

(5) Jurisdiction of this case 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 hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director