

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

**CASE NO. 12528
ORDER NO. R-11504**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF DIVISION DISTRICT I IN HOBBS, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER: (I) REQUIRING LONNIE J. BUCK TO PROPERLY PLUG AND ABANDON TWO CERTAIN WELLS IN LEA COUNTY, NEW MEXICO; OR (II) AUTHORIZING THE DIVISION TO PLUG AND ABANDON BOTH 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 November 2, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th 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) Lonnie J. Buck of Gainesville, Texas is the current owner and operator of the Monco Well No. 1 (API No. 30-025-09821) located 2310 feet from the South line and 990 feet from the West line (Unit L) of Section 25, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico, and in compliance with Section 70-2-14, NMSA 1978, and Division Rule 101 has posted with the Division a one-well plugging bond in the amount of \$ 5,000.00. This plugging bond (Bond No. 4397551) was issued by Hartford Accident & Indemnity Company, in care of Daniels Insurance, Inc. of Hobbs, New Mexico ("Hartford"), as surety, on March 22, 1979.
- (3) Lonnie J. Buck is also the current owner and operator of the Monco Well No. 2 (API No. 30-025-09822) located 670 feet from the South line and 660 feet from the West line (Unit M) of Section 25 and has also posted with the Division a one-well plugging bond issued by Hartford on June 5, 1979 in the amount of \$5,000.00 (Bond No. 4397560). By Division Order No. R-6799, issued in Case No. 7360 on October 13, 1981, Lonnie J. Buck received authorization to utilize the Monco Well No. 2 as a salt water disposal well.

(4) The purpose of a one-well plugging bond is to assure that an operator will properly plug and abandon its well 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 the two above-described plugging bonds and order foreclosure; (ii) order the recovery of any costs of plugging these wells in excess of the amount of these bonds; 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 Hobbs (District I) 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) Neither well 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 Lonnie J. Buck.

(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, both of the above-described wells should be plugged and abandoned by Lonnie J. Buck in accordance with a program approved by the supervisor of the Division's Hobbs District Office on or before January 15, 2001.

(12) Should Lonnie J. Buck not meet this January 15, 2001 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to foreclose on the subject plugging bonds and recover from the operator the plugging cost incurred by the Division.

IT IS THEREFORE ORDERED THAT:

(1) Lonnie J. Buck of Gainesville, Texas is hereby ordered to plug and abandon the following described wells both located in Township 25 South, Range 36 East, NMPM, Lea County, New Mexico on or before January 15, 2001:

- (a) Monco Well No. 1 (API No. 30-025-09821) located 2310 feet from the South line and 990 feet from the West line (Unit L) of Section 25; and
- (b) Monco Well No. 2 (API No. 30-025-09822) located 670 feet from the South line and 660 feet from the West line (Unit M) of Section 25.

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

(3) Should Lonnie J. Buck 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 two \$5,000.00 one-well plugging bonds issued by Hartford Accident & Indemnity Company, in care of Daniels Insurance, Inc. of Hobbs, New Mexico ("Hartford"), as surety, on: (i) March 22, 1979 for Bond No. 4397551 for the Monco Well No. 1; and (ii) June 5, 1979 for Bond No. 4397560 for the Monco Well No. 2, and to recover from the operator any costs in excess of the amount of these bonds to help defer plugging costs incurred by the Division.

(4) Division Order No. R-6799, issued in Case No. 7360 on October 13, 1981, is hereby rescinded.

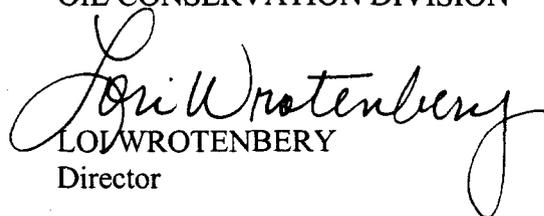
(5) Failure to comply with the provisions of this order shall subject Lonnie J. Buck to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

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

Case No. 12528
Order No. R-11504
Page 4

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL