

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
THROUGH THE SUPERVISOR OF DISTRICT I FOR AN ORDER REQUIRING  
AGUA, INC. TO PROPERLY PLUG ONE WELL IN LEE COUNTY, NEW  
MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND  
ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

CASE NO. 12474

AFFIDAVIT REGARDING NOTICE

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.
2. I am the attorney of record for the Applicant.
3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Application herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by certified mail, a copy of the Application. Copies of the notice letter and certified return receipts are attached hereto.
5. Applicant has complied with the notice provisions of Rule 1207.

  
Marilyn S. Hebert

SUBSCRIBED AND SWORN TO before me this 18<sup>th</sup> day of August 2000.

  
NOTARY PUBLIC

My commission expires:  
2/18/2003

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

OCT EXHIBIT NO. 3

Case 12474

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

DP

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

**3. Article Addressed to:**

Agua, Inc.  
P.O. Box 92090  
Pasadena, CA 91109

**4a. Article Number**

Z 559 572 974

**4b. Service Type**

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

**7. Date of Delivery**

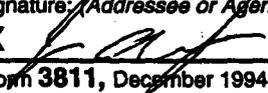
8/14/00

**5. Received By: (Print Name)**

James Abbott

**8. Addressee's Address (Only if requested and fee is paid)**

**6. Signature: (Addressee or Agent)**

X 

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

DP

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

**3. Article Addressed to:**

Hartford Accident & Indemnity  
 Company  
 Daniels Insurance Inc.  
 P.O. Box 1258  
 Hobbs, NM 88240

**4a. Article Number**

Z559 572 976

**4b. Service Type**

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

**7. Date of Delivery**

8-27-00

**5. Received By: (Print Name)**

**6. Signature: (Addressee or Agent)**

X *Kathryn Annand*

**8. Addressee's Address (Only if requested and fee is paid)**

PS Form 3811, December 1994 107595-97-B-0178 Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back, if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

DP

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address
  2.  Restricted Delivery
- Consult postmaster for fee.

Thank you for using Return Receipt Service.

**3. Article Addressed to:**

Hartford Accident & Indemnity  
 Company  
 Daniels Insurance Inc.  
 P.O. Box 1258  
 Hobbs, NM 88240

**4a. Article Number**

Z559 572 976

**4b. Service Type**

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

**7. Date of Delivery**

**5. Received By: (Print Name)**

**6. Signature: (Addressee or Agent)**

X

**8. Addressee's Address (Only if requested and fee is paid)**

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Z 559 572 97b

*DP*

**US Postal Service  
Receipt for Certified Mail**

No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to **Hartford Accident & Indem**

Street & Number **Daniels Ins. Inc.**

Post Office, State, & ZIP Code  
**PO Box 1258 - Hobbs, NM 88240**

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

Fold at line over top of envelope to  
the right of the return address

**CERTIFIED**

Z 559 572 97b

**MAIL**

**RESOURCES DEPARTMENT**

**Hartford Accident & Indemnity  
Company  
Daniels Insurance Inc.  
Post Office Box 1258  
Hobbs, NM 88240**

Z 559 572 974

DP

**US Postal Service  
Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to **Agua Inc.**

Street & Number **PO Box 92090**

Post Office, State, & ZIP Code

**Padadena, CA 91109**

Postage **\$**

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date & Addressee's Address

TOTAL Postage & Fees **\$**

Postmark or Date

PS Form **3800**, April 1995

Fold at line over top of envelope to the right of the return address

**CERTIFIED**

Z 559 572 974

**MAIL**

**ESOURCES DEPARTMENT**

Agua, Inc.  
Post Office Box 92090  
Pasadena, CA 91109

is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

DP

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

**3. Article Addressed to:**

Agua, Inc.  
P.O. Box 92090  
Pasadena, CA 91109

**4a. Article Number**

Z 559 572 974

**4b. Service Type**

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD

Certified

Insured

COD

**7. Date of Delivery**

**5. Received By: (Print Name)**

**8. Addressee's Address (Only if requested and fee is paid)**

**6. Signature: (Addressee or Agent)**

X

Thank you for using Return Receipt Service.

ess postage, certified mail fee, and  
 rmed stub to the right of the return  
 the article at a post office service  
 the gummed stub to the right of the  
 the receipt, and mail the article.  
 ill number and your name and address  
 the front of the article by means of the  
 back of article. Endorse front of article  
 umber.  
 ee, or to an authorized agent of the  
 re front of the article.  
 appropriate spaces on the front of this  
 licable blocks in item 1 of Form 3811.

102595-98-B-P005

PS Form 3800, April 1995 (Reverse)



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

August 1, 2000

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Agua, Inc.  
Post Office Box 92090  
Pasadena, CA 91109

Hartford Accident & Indemnity Company  
Daniels Insurance Inc.  
Post Office Box 1258  
Hobbs, NM 88240

**Re: Case No. 12474**

Application of the New Mexico Oil Conservation Division for an order requiring  
Agua, Inc to plug one well in Lea County, New Mexico

Dear Gentlemen:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application for a hearing requiring Agua, Inc. and other interested parties to appear and show cause why a certain well should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on August 24, 2000. You are not required to attend this hearing, but as owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B, enclosed, to file a Prehearing Statement three days in advance of the hearing.

Best regards,

Marilyn S. Hebert  
Attorney

c: Chris Williams, District Supervisor  
OCD Hobbs

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT AM 6:03  
OIL CONSERVATION DIVISION

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT I FOR AN ORDER REQUIRING AGUA, INC. TO PROPERLY PLUG ONE WELL IN LEA COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. 12474

**APPLICATION FOR PLUGGING AND FORFEITURE OF BOND**

1. Agua, Inc. ("Operator") is the operator of the Goodwin SWD, API No. 30-025-21183, located 1980' FNL and 660' FWL of Section 31, Township 18 South, Range 37 East in Lea County, New Mexico.

2. Operator has posted a surety bond in the amount of \$50,000.00 for said well in compliance with NMSA 1978, § 70-2-14 and Rule 101 of the Rules of the Oil Conservation Division ("Division"), 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 the well operated by Operator. Hartford Accident & Indemnity Company is the surety .

3. The subject well has not produced hydrocarbon or carbon dioxide substance or has otherwise been inactive for more than one year or is no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator or approved by the Division.

4. By virtue of the failure to use the well for beneficial purposes or to have approved a current temporary abandonment permit, the well is presumed to have been abandoned and is required to be plugged.

5. By authority of NMSA 1978, § 70-2-14 the Rules of the Division require wells that are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been made or attempted to be made upon the Operator either to place the subject well to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same, and the Operator has failed to do so.

WHEREFORE, the Supervisor of District I of the Oil Conservation Division applies to the Director to enter an order:

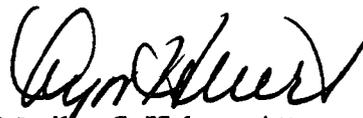
A. Determining whether the well should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that the well should be plugged, directing Operator to plug the well.

C. Further ordering that if Operator fails to plug and abandon the well as ordered by the Director, that the Division be authorized: i. to plug the well; ii. to declare forfeit on the bond, if any, and to take such action to foreclose on the bond; and iii. to recover from the Operator any costs of plugging the well in excess of the amount of the bond, if any.

D. For such other and further relief as the Division deems just and proper, including the assessment of fines.

RESPECTFULLY SUBMITTED,



Marilyn S. Hebert, Attorney  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505  
(505) 827-8156

(10) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(7). [1-1-86...2-1-96; A, 7-15-99]

(11) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(8). [1-1-86...2-1-96; A, 7-15-99]

**1207.B. Type and Content of Notice.** Any notice required by this rule shall be sent by certified mail, return receipt requested, to the last known address of the person to whom notice is to be given at least 20 days prior to the date of hearing of the application and shall include: a copy of the application; the date, time and place of the hearing; and the means by which protests may be made. [1-1-86...2-1-96; A, 7-15-99]

**1207.C.** At the hearing, the applicant shall make a record, either by testimony or affidavit signed by the applicant or its authorized representative, that: (a) the notice provisions of this rule have been complied with; (b) the applicant has conducted a good-faith diligent effort to find the correct address of all persons entitled to notice; and (c) pursuant to this rule, notice has been given at that correct address as required by this rule. In addition, the record shall contain the name and address of each person to whom notice was sent and, where proof of receipt is available, a copy of the proof. [1-1-86...2-1-96; A, 7-15-99]

**1207.D.** Evidence of failure to provide notice as required in this rule may, upon proper showing, be considered cause for reopening the case. [1-1-86...2-1-96; A, 7-15-99]

**1207.E.** In the case of an administrative application where the required notice was sent and a timely filed protest was made, the Division shall notify the applicant and the protesting party in writing that the case has been set for hearing and the date of the hearing. No further notice is required. [7-15-99]

## **1208 PLEADINGS: COPIES [9-15-55...2-1-96; A, 7-15-99]**

**1208.A.** For pleadings and correspondence filed in cases pending before a Division Examiner, two copies must be filed with the Division. For pleadings and correspondence filed in cases pending before the Commission, five copies must be filed with the Division. The Division will disseminate copies to the members of the Commission. The party filing the pleading or correspondence shall at the same time either hand deliver or transmit by facsimile or electronic mail to any party who has entered an appearance therein or the attorneys of record, a copy of the pleading or correspondence. An appearance of any interested party shall be made either by letter addressed to the Division or in person at any proceeding before the Commission or before a Division Examiner, with notice of such appearance to the parties of record. [9-15-55...2-1-96; A, 7-15-99]

**1208.B.** Parties to an adjudicatory proceeding must file a prehearing statement three days in advance of a scheduled hearing before the Division or the Commission. The statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. [7-15-99]

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

DP

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 Hartford Accident & Indemnity Company  
 Daniels Insurance Inc.  
 P.O. Box 1258  
 Hobbs, NM 88240

4a. Article Number  
 Z559 572 976

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 8-7-00

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X *Kathryn Dinnand*

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

DP

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 Agua, Inc.  
 P.O. Box 92090  
 Pasadena, CA 91109

4a. Article Number  
 Z 559 572 974

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 8/14/00

5. Received By: (Print Name)  
*James Abbott*

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)  
 X *[Signature]*

PS Form 3811, December 1994

102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.