

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

AMENDED APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION"), THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING KC RESOURCES, INC. TO BRING TWO (2) CERTAIN WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY DATE CERTAIN AND, IN THE EVENT OF NON-COMPLIANCE, REQUIRING KC RESOURCES, INC. TO PLUG AND ABANDON BOTH WELLS BY A DATE CERTAIN AND AUTHORIZING THE DIVISION TO IMMEDIATELY FORFEIT THE APPLICABLE PLUGGING BOND, IF ANY, AND PLUG THE WELLS IF THE OPERATOR FAILS TO MEET THE PLUGGING DEADLINE; LEA COUNTY, NEW MEXICO.

**CASE NO. 13362
ORDER NO. R-12277**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 20, 2005, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of January, 2005, 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) KC Resources, Inc. is the current owner and operator of the following two (2) wells located in Section 25, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico:

- (a) Lea "YH" State Well No. 2 (API No. 30-025-26299), located 660 feet from the South and East lines (Unit P) of Section 25; and
- (b) Lea "YH" State Well No. 4 (API No. 30-025-26687), located 1980 feet from the South line and 990 feet from the East line (Unit I) of Section 25.

(3) Both wells are located on a single state lease issued by the New Mexico State Land Office (State Lease No. LG-5543-0002).

(4) Frontier Insurance Company is the surety on a \$50,000.00 blanket-plugging bond, Bond No. 54664, posted by KC Resources, Inc. pursuant to NMSA 1978, Section 70-2-14, to secure the operator's obligation to plug and abandon the wells in compliance with Division rules.

(5) By application dated September 9, 2004, as amended on December 14, 2004, the Division on its own motion sought to require KC Resources, Inc. to bring the two above-described wells into compliance with 19.15.4.201 NMAC (Division Rule 201) by April 15, 2005 and, in the event of non-compliance, requiring KC Resources, Inc. to plug and abandon both wells by April 30, 2005. Should KC Resources, Inc. fail to comply with the April 30, 2005 deadline, authorize immediate forfeiture of the applicable plugging bond and for the Division to plug both wells.

(6) On January 19, 2005 an "Agreed Compliance Order" (see NMOCD - OGA 04-52) between KC Resources, Inc. and the Division was finalized that included the two above-described wells, thereby making this case unnecessary.

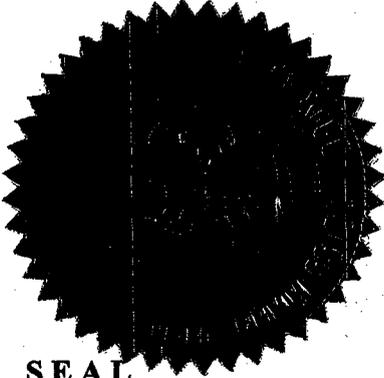
(7) The applicant's request for dismissal of this case should be granted.

IT IS THEREFORE ORDERED THAT:

(1) Case No. 13362 is hereby dismissed.

(2) However, jurisdiction is hereby 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P. E.
Director