

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

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

CASE NO. 133

2009 DEC 22 AM 11 36

PRE-HEARING STATEMENT

This entry of appearance and pre-hearing statement is submitted by the applicant, the Conservation Division.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
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OPPONENTS

KC Resources Inc.

OPPONENTS' ATTORNEY

J. Scott Hall
Miller Stratvert PA
P.O. Box 1986
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Frontier Insurance Company

No appearance has been entered

APPLICANT'S STATEMENT OF THE CASE

KC Resources Inc. (KC) is the operator of record of two wells located in Lea County, New Mexico that have been inactive for a continuous period exceeding one year plus ninety days. KC has posted a \$50,000 blanket bond with Frontier Insurance Company to secure its obligation to plug those wells. The Division files this amended application pursuant to 19.15.3.101.M NMAC, seeking an order requiring KC to bring the wells into compliance with 19.15.4.201 NMAC by plugging the wells, placing them on temporary abandonment status, or returning them to a Division-approved beneficial use by April 15, 2005. KC has represented to the Division that it can bring the two wells into compliance by that date.

If KC fails to meet the April 15, 2005 compliance deadline, the Division seeks a remedy under NMSA 1978, Section 70-2-14(B), which provides:

If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

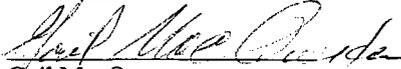
The Division requests that if both wells are not brought into compliance by April 15, 2005, that KC be required to plug and abandon both wells by April 30, 2005. And if KC fails to meet this plugging deadline, the Division requests authority to forfeit immediately the financial assurance posted by KC, and authority to plug the wells.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:	ESTIMATED TIME:
Chris Williams or Johnny Robinson	20 min.
Dorothy Phillips	by affidavit
Jane Prouty	by affidavit

PROCEDURAL MATTERS

None.

Respectfully submitted,
This 22nd day of December, 2004 by

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
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Attorney for the Oil Conservation Division

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

2004 DEC 23 09 11 16

IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING KC RESOURCES INC. TO REMEDIATE CONTAMINATION AT A TANK BATTERY SITE IN COMPLIANCE WITH 19.15.3.116.D NMAC; AND BRING THREE INACTIVE WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC; AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND IF THE OPERATOR FAILS TO COMPLY; AND ASSESSING APPROPRIATE CIVIL PENALTIES; LEA COUNTY, NEW MEXICO

CASE NO. 13362

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Miller Stratvert P.A. (J. Scott Hall) on behalf of KC Resources, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten, Esq.
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Energy, Minerals and Natural
Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

OPPONENT

KC Resources, Inc.

OPPONENT'S ATTORNEY

J. Scott Hall, Esq.
Miller Stratvert P.A.
Post Office Box 1986
Santa Fe, New Mexico 87504-1986

STATEMENT OF THE CASE

OPPOSITION OR OTHER PARTY

K. C. Resources has corrected three of the five non-compliance items outlined in the Division's original Application and is currently performing the necessary work to bring the remaining items (the Lea YH State No. 2 and No. 4 wells) into compliance. Accordingly, KC Resources believes the penalties and certain other relief sought by the Division are inappropriate and otherwise unnecessary.

PROPOSED EVIDENCE

KC Resources, Inc.

WITNESSES:	Est. Time	No. of Exhibits
Terrell Rowe	30 min.	10

PROCEDURAL MATTERS

MILLER STRATVERT P.A.

By:



J. Scott Hall
Attorneys for KC Resources, Inc.
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Certificate of Service

I hereby certify that a true and correct copy of the foregoing was faxed to the following counsel of record on the 23rd day of December, 2004:

Gail MacQuesten, Esq.
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall