

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

AMMENDED APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING MAYFAIR MINERALS, INC. AND/OR PAUL D. BLISS TO PROPERLY PLUG ONE (1) WELL, ASSESSING AN APPROPRIATE CIVIL PENATY IN EVENT OF FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND; ROOSEVELT COUNTY, NEW MEXICO.

CASE NO. 12976

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Mayfair Minerals, Inc. ("Mayfair") is the operator of record, according to the records of the Oil Conservation Division, of the well specifically identified on Exhibit A hereto (which Exhibit is incorporated herein by this reference for all purposes) located in Roosevelt County, New Mexico. The said well is hereinafter called the "subject well."

2. Mayfair has posted a blanket surety bond in the amount of \$50,000 to secure its obligation to properly plug and abandon its wells in compliance with NMSA 1978, Sec. 70-2-14 and O.C.D. Rule 101, which surety bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules of the Oil Conservation Division ("Division") with respect to the proper plugging and abandonment of wells. Commercial Union Insurance Company is the surety on said bond, and the number of the bond is CR72006-49.

3. Mayfair has alleged, in correspondence with the Division, that Paul D. Bliss has assumed operation of the subject well. However, the alleged transfer of operations has not been documented by filing on Form C-104-A as required, nor has such transfer been approved by the Division. Neither has Paul D. Bliss furnished financial assurance required as a condition precedent to assuming operation of a well in New Mexico.

4. The subject well has not produced any hydrocarbon or carbon dioxide substance nor been used for injection for more than one year and is no longer usable for beneficial purposes. No permit for temporary abandonment has been requested or approved by the Division with respect to the subject well.

5. By virtue of the failure of Mayfair and/or Paul D. Bliss to use the subject well for production or other beneficial purposes or to secure a current temporary abandonment permit, the subject well is presumed abandoned, and is required to be plugged.

6. Division Rule 201.B, issued pursuant to the authority of NMSA 1978, Secs. 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year or are no longer usable for beneficial purposes, and not temporarily abandoned pursuant to Rule 203, be properly plugged.

7. Mayfair, as the last operator of record, is required to cause this well to be plugged and abandoned in accordance with New Mexico law and Division rules. If Paul D. Bliss is the operator in fact, he is also required to cause the well to be properly plugged and abandoned.

6. Division Rule 101.M, issued pursuant to the above-referenced authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201, and to direct the Division to cause such well or wells to be plugged in accordance with a Division approved plugging program if, after the time provided in such order, the operator and its surety, if any, have failed to do so.

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

- A. Determining whether the subject well should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the subject well should be plugged, directing Mayfair and/or Paul D. Bliss to plug the well by a date certain.
- C. Assessing an appropriate civil penalty in event of their failure to comply.
- D. Further ordering that if Mayfair, Paul D. Bliss or Commercial Union Insurance Company, Mayfair's surety, fails to plug and abandon the subject well as ordered by the Director, the Division be authorized: (i) to plug the subject well in accordance with a division-approved plugging program; (ii) to declare forfeit the above-described surety bond, or any other security, to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (iii) to take necessary and appropriate measures to recover from Mayfair, Paul D.

Bliss, or either of them, any costs of plugging the subject well in excess of the amount of the bond or other security, if any.

- E. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,



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EXHIBIT A TO APPLICATION

Case No. 12976. Application of the New Mexico Oil Conservation Division for an Order Requiring Mayfair Minerals, Inc. and/or Paul D. Bliss to Properly Plug One (1) Well, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Well in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Roosevelt County, New Mexico.

Rhonda PG State V-39 Well No. 1 (API No. 30-041-20615) located 1980 from the South line and 660 from the West line (Unit L) of Section 35, Township 7 South, Range 35 East, NMPM, Roosevelt county, New Mexico