

**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 HULEN H. LEMON TO PROPERLY PLUG ONE (1) WELL, ASSESSING AN APPROPRIATE CIVIL PENALTY IN EVENT OF OPERATOR'S FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIV
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CASE NO. 12974

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Hulen H. Lemon ("Operator") is the operator of the well specifically identified on Exhibit A hereto (which Exhibit is incorporated herein by this reference for all purposes) located in Lea County, New Mexico. The said well is hereinafter called the "subject well."

2. Operator has posted a single-well surety bond in the amount of \$5,000 to secure its obligation to properly plug and abandon subject well 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 the subject well by Operator. American Employers' Insurance Company is the surety on said bond, and the number of the bond is AE 71346-25

3. 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 by the Operator or approved by the Division with respect to the subject well.

4. By virtue of Operator's failure 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.

5. 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.

6. Division Rule 101.M, issued pursuant to the same 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 the Operator to plug the well by a date certain.
- C. Assessing an appropriate civil penalty in event of the operator's failure to comply.

- D. Further ordering that if the Operator or American Employers' Insurance Company, its 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 security furnished by the Operator, if any, 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 the Operator 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 of the New Mexico Oil Conservation Division for an Order Requiring Hulen H. Lemon 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, Lea County, New Mexico

Subject Well:

Gregg Dodd Well No. 1 (API No. 30-025-24137) located 1977 from the South line and 1977 from the East line (Unit J) of Section 30, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico

Case No. 12974. **Application of the New Mexico Oil Conservation Division for an Order Requiring Hulen H. Lemon to Properly Plug one (1) Well, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Well(s) in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Lea County, New Mexico.** The Applicant seeks an order requiring Hulen H. Lemon, the operator of one (1) inactive well in Lea County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said well if the operator fails to do so, forfeiting Operator's plugging security, if any, and providing for such other relief as the Director deems appropriate. The affected well is the following:

Gregg Dodd Well No. 1 (API No. 30-025-24137) located 1977 from the South line and 1977 from the East line (Unit J) of Section 30, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico

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OIL CONSERVATION DIV.