

**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
FI-RO CORPORATION TO PROPERLY PLUG TWO (2) WELLS IN CHAVES
COUNTY AND ONE (1) WELL IN LEA COUNTY, NEW MEXICO,
AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING A
FORFEITURE OF APPLICABLE SECURITY DEPOSITS.**

CASE NO. 12950

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

OIL CONSERVATION DIV.
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1. Fi-Ro Corporation ("Operator") is the operator of the following wells located in Chaves County, New Mexico:

Gulf State H Well No. 1 (API No. 30-005-00822) located 2310 feet from the South line and 990 feet from the East line (Unit H) of Section 23, Township 13 South, Range 31 East, Chaves County, New Mexico.

Hondo Holloway State Well No. 1 (API No. 30-005-00691) located 1980 feet from the North and West lines (Unit F) of Section 36, Township 12 South, Range 31 East, Chaves County, New Mexico.

2. Fi-Ro Corporation is also the operator of the following well located in Lea County, New Mexico:

North Caprock Queen Unit 1 Tr 27 Well No. 5Y (API No. 30-025-24155) located 2635 from the North line and 1315 from the West line (Unit E) of Section 8, Township 13 South, Range 32 East, Lea County, New Mexico.

2. Operator 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. Gulf Insurance Company is the surety on said bond, which is number 585654.

3. The Gulf State H Well No. 1 has not produced any hydrocarbon or carbon dioxide substance since 1988. The Hondo Holloway State Well No. 1 has not produced any hydrocarbon or carbon dioxide substance since 1998. The North Caprock Queen Unit 1 Tr 27 Well No. 5Y has not produced any hydrocarbon or carbon dioxide substance since 1996. Said wells have been abandoned and are no longer usable for beneficial purposes. No permit for temporary abandonment of any of the said wells has been requested by the Operator or approved by the Division.

4. By virtue of Operator's failure to use the subject wells for production or other beneficial purposes or to secure current temporary abandonment permits, the wells are 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 be properly plugged.

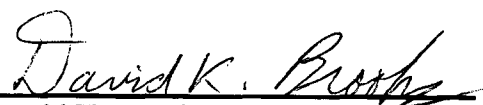
6. Division Rule 101.M, issued pursuant to the same authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201, and to direct the Division to cause such well or wells to be plugged in accordance with a Division 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 wells should be plugged and abandoned.

- B. Upon a determination that the wells should be plugged, directing the Operator to plug the wells without delay, in accordance with a division-approved plugging program, and to cause the sites thereof to be remediated in accordance with Division Rule 202.B(3).
- C. Further ordering that if the Operator fails to plug and abandon the wells as ordered by the Director, the Division be authorized: (i) to plug the subject wells in accordance with a division-approved plugging program and to cause the sites to be remediated; (ii) to declare forfeit the security furnished by the Operator 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 wells and of site remediation in excess of the amount of the security, if any.
- D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,


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Conservation Division

Case No. 12950. Application of the New Mexico Oil Conservation Division for an Order Requiring Fi-Ro Corporation to Properly Plug Three (3) Wells, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Wells in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security; Chaves and Lea Counties, New Mexico. The Applicant seeks an order requiring Fi-Ro Corporation, the operator of two (2) inactive wells in Chaves County, New Mexico and of one (1) inactive well in Lea County, New Mexico, to properly plug and abandon said wells, imposing civil penalties in event of failure to comply, authorizing the Division to plug said wells if the operator fails to do so, forfeiting Operator's plugging security, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

Chaves County

<u>Operator</u>	<u>Well Name</u>	<u>API No.</u>	<u>Location</u>
Fi-Ro Corporation	Gulf State H Well No.1	30-005-00822	H-23-13S-31E
Fi-Ro Corporation	Hondo Holloway State Well No. 1	30-005-00691	F-36-12S-31E

Lea County

<u>Operator</u>	<u>Well Name</u>	<u>API No.</u>	<u>Location</u>
Fi-Ro Corporation	North Caprock Queen Unit 1 Tr 27 Well No. 5Y	30-025-24155	E-08-13S-32E

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