

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

**CASE NO. 12944
ORDER NO. R-11863**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION FOR AN ORDER REQUIRING SHANLEY OIL COMPANY TO PROPERLY PLUG AND ABANDON ONE (1) CERTAIN WELL, IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG THIS WELL IN DEFAULT OF COMPLIANCE BY SHANLEY OIL COMPANY, AND ORDERING A FORFEITURE OF APPLICABLE SECURITY; ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 24, 2002, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of December, 2002, 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) Shanley Oil Company of Dallas, Texas is the current owner and operator of the Harris "14" Well No. 1 (API No. 30-041-20342), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14, Township 6 South, Range 33 East, NMPM, Roosevelt County, New Mexico.
- (3) This well is located on a fee mineral lease.
- (4) Evidence was presented showing that Shanley Oil Company has posted a one-well surety bond in the amount of \$ 7,500.00 for this well in compliance with NMSA 1978, Section 70-2-14 and New Mexico Oil Conservation Division ("Division") Rule 101, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the rules of the Division with respect to the proper plugging and abandonment of this well operated by Shanley Oil Company. Northwestern National of Milwaukee, Wisconsin in Middletown, Ohio, is the surety on this bond (Bond No. LSC-464743), executed March 27, 1984.

(5) The purpose of a one-well plugging bond is to assure the Division that the well covered by that bond will be properly plugged and abandoned when not capable of commercial production or no longer utilized for some other beneficial purpose.

(6) At this time, the Division seeks an order directing the operator to plug this well in accordance with a Division-approved plugging program by January 15, 2003 and, if the operator fails to do so, authorizing the Division to proceed to plug and abandon the well and: (i) to declare forfeiture of the bond furnished by Shanley Oil Company to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) to take necessary and appropriate measures to recover from Shanley Oil Company any costs of plugging the well in excess of the amount of the bond, if any.

(7) The witness in this matter, Mr. Billy Pritchard, field inspector of the Division's district office in Hobbs (District I), testified at the hearing via telephone supporting the Division's position that the subject well should be plugged and abandoned.

(8) Neither the operator nor a representative of Northwestern National of Milwaukee, Wisconsin appeared at the hearing.

(9) The above-described Harris "14" Well No. 1 was initially drilled to a total depth of 7,725 feet by Ted Weiner of Midland, Texas in 1972 and completed as a gas producer in the South Tanneyhill-Granite Wash Gas Pool. Last reported production for this well was March, 1983. On December 1, 1983 Shanley Oil Company became the operator. This well has been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(10) By virtue of the failure to use the subject well for beneficial purposes or to have an approved temporary abandonment permit, the subject well is presumed to have been abandoned by Shanley Oil Company

(11) The current condition of the above-described Harris "14" Well No. 1 is such that if action is not taken to properly plug and abandon this well, waste will probably occur, correlative rights will also be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

IT IS THEREFORE ORDERED THAT:

(1) Shanley Oil Company of Dallas, Texas is hereby ordered to plug and abandon its Harris "14" Well No. 1 (API No. 30-041-20342), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14, Township 6 South, Range 33 East, NMPM, Roosevelt County, New Mexico, on or before January 15, 2003.

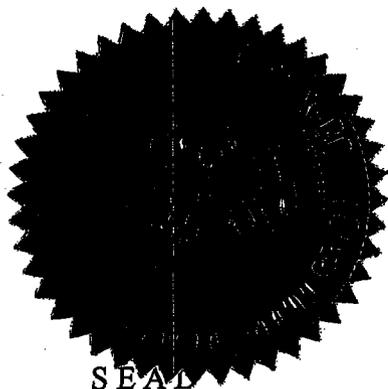
(2) The operator shall plug and abandon its Harris "14" Well No. 1 in accordance with the program presented by the Division's district office in Hobbs (District I) at the hearing.

(3) Should Shanley Oil Company fail or refuse to carry out such plugging and abandonment in accordance with the terms of this order, the Division shall then take such actions as are necessary to cause this well to be properly plugged and abandoned. Further, the Division shall then be authorized to take such action as is deemed necessary to: (i) declare forfeiture of the \$ 7,500.00 one-well surety bond issued Shanley Oil Company by Northwestern National of Milwaukee, Wisconsin in Middletown, Ohio, (Bond No. LSC-464743), executed March 27, 1984, to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) recover from Shanley Oil Company any costs of plugging the subject well in excess of the amount of this bond, if any.

(4) Failure to comply with the provisions of this order shall subject Shanley Oil Company to a fine of \$1,000.00 per day, commencing from the date of this order until such work is completed (NMSA 1978, Section 70-2-31, as amended).

(5) Jurisdiction of this case is 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Lori Wrotenbery

LORI WROTENBERY
Director