

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

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**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,  
THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING  
McDONNOLD OPERATING INC. TO BRING FIFTEEN WELLS INTO  
COMPLIANCE WITH 19.15.4.201 NMAC; AUTHORIZING THE DIVISION TO  
PLUG THE WELLS AND FORFEIT THE APPLICABLE SECURITY IN THE  
EVENT THE OPERATOR FAILS TO COMPLY; AND ASSESSING AN  
APPROPRIATE CIVIL PENALTY; LEA AND ROOSEVELT COUNTIES, NEW  
MEXICO.**

CASE NO. 13549

**APPLICATION FOR COMPLIANCE ORDER  
AGAINST McDONNOLD OPERATING INC.**

1. The records of the Oil Conservation Division ("Division") identify "McDonnold Operating Inc." ("McDonnold") as the operator of record for the following wells, located in New Mexico (hereinafter the "subject wells"):

Bay Federal #003, API 30-025-04408, UL D, S35, T20S, R36E, Lea County  
Langlie Jack Unit #007, API 30-025-11172, UL F, S20, T24S, R37E, Lea County  
Langlie Jack Unit #006, API 30-025-11173, UL D, S20, T24S, R37E, Lea County  
Langlie Jack Unit #004, API 30-025-11174, UL B, S20, T24S, R37E, Lea County  
Litie Woolworth, #004, API 30-025-11268, UL L, S20, T24S, R37E, Lea County  
Jack A 29 #002, API 30-025-11277, UL I, S29, T24S, R37E, Lea County  
Jack A 29 #004, API 30-025-11279, UL O, S29, T24S, R37E, Lea County  
George L. Erwin #003, API 30-025-11361, UL K, S35, T24S, R37E, Lea County  
Jack A 29 #008, API 30-025-24788, UL J, S29, T24S, R37E, Lea County  
State A 16 #001, API 30-025-24814, UL M, S16, T24S, R37E, Lea County  
Red Cloud #002, API 30-025-30870, UL M, S3, T25S, R37E, Lea County  
Jack A 29 #009, API 30-025-32643, UL H, S29, T24S, R37E, Lea County  
State Co #001, API 30-041-20325, UL L, S16, T8S, R38 E, Roosevelt County  
Citgo State #001, API 30-041-20349, UL M, S16, T8S, R38E, Roosevelt County  
Citgo State #002, API 30-041-20467, UL J, S16, T8S, R38E, Roosevelt County

2. McDonnold posted a \$50,000 bond, number RLB0006958, through RLI Insurance Company, to secure its obligation to plug and abandon wells in compliance with Division rules.

3. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

4. The subject wells have been inactive for a continuous period exceeding one year plus 90 days, and have neither been plugged and abandoned pursuant to 19.15.4.202 NMAC nor temporarily abandoned pursuant to 19.15.4.203 NMAC.

5. The Division made repeated requests to McDonnold to bring the wells into compliance with 19.15.4.201 NMAC.

6. Division rule 19.15.101(M) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC by a date certain, and to direct the Division to forfeit the applicable financial assurance and plug such well in accordance with a Division-approved plugging program if, after the time provided in such order, the operator has failed to plug the well.

7. The Oil and Gas Act ("Act") provides that any person who knowingly and willfully violates any provision of the Act, or any rule or order issued pursuant to the Act, shall be subject to a civil penalty of not more than one thousand dollars per day for each violation. NMSA 1978, section 70-2-31(A).

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

- A. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;
- B. Requiring McDonnold to bring each of the subject wells into compliance with 19.15.4.201 NMAC within a date certain by plugging and abandoning the well in accordance with 19.15.4.202 NMAC, securing temporary abandonment status for the well in accordance with 19.15.4.203 NMAC, or returning the well to a Division-approved beneficial use;
- C. Further, if the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set by the order:
- (1) Assessing a penalty against McDonnold of not less than \$1000 per well for each full week of non-compliance with the order;
  - (2) Authorizing the Division to plug the subject wells in accordance with a Division-approved plugging program;
  - (3) Authorizing the Division to forfeit the applicable security; and
- D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,  
this 10<sup>th</sup> day of August, 2005 by



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Case No. 13549. Application of the New Mexico Oil Conservation Division for a Compliance Order Against McDonnold Operating Inc. The Applicant seeks an order requiring McDonnold Operating Inc. to bring fifteen wells into compliance with 19.15.4.201 NMAC; authorizing the Division to plug said wells in the event of noncompliance and forfeit the applicable financial assurance; imposing civil penalties, and for such other relief as the Director deems appropriate. The affected wells are the following:

Bay Federal #003, API 30-025-04408, UL D, S35, T20S, R36E, Lea County  
Langlie Jack Unit #007, API 30-025-11172, UL F, S20, T24S, R37E, Lea County  
Langlie Jack Unit #006, API 30-025-11173, UL D, S20, T24S, R37E, Lea County  
Langlie Jack Unit #004, API 30-025-11174, UL B, S20, T24S, R37E, Lea County  
Litie Woolworth, #004, API 30-025-11268, UL L, S20, T24S, R37E, Lea County  
Jack A 29 #002, API 30-025-11277, UL I, S29, T24S, R37E, Lea County  
Jack A 29 #004, API 30-025-11279, UL O, S29, T24S, R37E, Lea County  
George L. Erwin #003, API 30-025-11361, UL K, S35, T24S, R37E, Lea County  
Jack A 29 #008, API 30-025-24788, UL J, S29, T24S, R37E, Lea County  
State A 16 #001, API 30-025-24814, UL M, S16, T24S, R37E, Lea County  
Red Cloud #002, API 30-025-30870, UL M, S3, T25S, R37E, Lea County  
Jack A 29 #009, API 30-025-32643, UL H, S29, T24S, R37E, Lea County  
State Co #001, API 30-041-20325, UL L, S16, T8S, R38 E, Roosevelt County  
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Citgo State #002, API 30-041-20467, UL J, S16, T8S, R38E, Roosevelt County

The three wells in Roosevelt County are located approximately 15 miles east of Milnesand, New Mexico. The Bay Federal #003 is located approximately 5 miles south of Monument, New Mexico. The remaining wells are located approximately three to 10 miles north of Jal, New Mexico.