



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera  
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

October 21, 2002

SWR Operating Company  
c/o Charles Langston  
2100 McKinney Ave.  
Dallas, TX 75201

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

**Re: Case No. 12965: Application of the New Mexico Oil Conservation Division for an Order Requiring SWR Operating Company to Properly Plug Fifteen (15) Well(s), Imposing Civil Penalties for Failure to Comply, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bond; Eddy County, New Mexico**

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking an Order requiring you to properly plug and abandon Fifteen (15) well(s) located in Eddy County, New Mexico, specifically identified in said application.

A hearing on this application will take place before a Division hearing officer on Thursday, November 14, 2002, at 8:15 a.m., in the Division Hearing Room, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause why an order should not be entered as requested in the Application.

Inquiries concerning this application may be directed to the undersigned in the Santa Fe office of the Division at (505)-476-3450.

Very truly yours,

A handwritten signature in dark ink, appearing to read "DKB".

David K. Brooks  
Assistant General Counsel

ec: Tim Gum, District Supervisor

**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 II, FOR AN ORDER  
REQUIRING SWR OPERATING COMPANY TO PROPERLY PLUG FIFTEEN  
(15) WELLS, 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; EDDY, NEW MEXICO.**

CASE NO. 12965

**APPLICATION FOR PLUGGING AND FORFEITURE OF BOND**

1. SWR Operating Company ("Operator") is the operator of the well or wells specifically identified on Exhibit A hereto (which Exhibit is incorporated herein by this reference for all purpose) located in Eddy County, New Mexico. The said well or wells are hereinafter called the "subject well(s)," whether one or more.

2. The subject well(s) have not produced any hydrocarbon or carbon dioxide substance nor been use for injection for more than one year and are 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 any of the subject well(s).

4. By virtue of Operator's failure to use the subject well(s) for production or other beneficial purposes or to secure a current temporary abandonment permit, the subject well or wells are presumed abandoned, and 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, 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 II of the Division hereby applies to the Director to enter an order:

- A. Determining whether the subject well(s) should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the subject well(s) should be plugged, directing the Operator to plug the wells 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 fails to plug and abandon the subject well(s) as ordered by the Director, the Division be authorized: (i) to plug the subject wells 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(s) 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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David K. Brooks  
Assistant General Counsel  
Energy, Minerals and Natural  
Resources Department of the State of  
New Mexico  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505)-476-3450

Attorney for The New Mexico Oil  
Conservation Division

Case No. 2965.

**Exhibit A to Application**

<u>Well</u>	<u>API No.</u>	<u>Twsp</u>	<u>Range</u>	<u>Sec.</u>	<u>Unit</u>
SWR Operating-Donnelly Pan					
American #1Y	30-015-05739	19S	31E	05	G
SWR Operating-Featherstone #1	30-015-05737	19S	31E	05	H
SWR Operating-Featherstone #1	30-015-05744	19S	31E	05	K
SWR Operating-Featherstone #2	30-015-05740	19S	31E	05	A
SWR Operating-Featherstone #4	30-015-05747	19S	31E	05	J
SWR Operating-Featherstone					
Federal #1	30-015-05732	19S	31E	04	J
SWR Operating-Hodges Federal #1	30-015-05752	19S	31E	06	P
SWR Operating-Keohane C					
Federal #1	30-015-05595	18S	31E	21	P
SWR Operating-Nickson A #1	30-015-05731	19S	31E	04	D
SWR Operating-Shugart B#3	30-015-05672	18S	31E	33	N
SWR Operating-Welch A#1	30-015-05726	19S	31E	04	B
SWR Operating-Welch A#3	30-015-05728	19S	31E	04	F
SWR Operating-Welch A#3	30-015-05729	19S	31E	04	C
SWR Operating-Welch "A" # 2	30-015-05727	19S	31E	04	G
SWR Operating-Shugart "B" # 1	30-015-05670	18S	31E	33	O

Case No. 12965. **Application of the New Mexico Oil Conservation Division for an Order Requiring SWR Operating Company to Properly Plug Fifteen (15) Well(s), 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, Eddy County, New Mexico.** The Applicant seeks an order requiring SWR Operating Company, the operator of Fourteen (14) inactive well(s) in Eddy 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 or wells 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 wells are the following:

Well	API No.	Twsp	Range	Sec.	Unit
SWR Operating-Donnelly Pan					
American #1Y	30-015-05739	19S	31E	05	G
SWR Operating-Featherstone #1	30-015-05737	19S	31E	05	H
SWR Operating-Featherstone #1	30-015-05744	19S	31E	05	K
SWR Operating-Featherstone #2	30-015-05740	19S	31E	05	A
SWR Operating-Featherstone #4	30-015-05747	19S	31E	05	J
SWR Operating-Featherstone					
Federal #1	30-015-05732	19S	31E	04	J
SWR Operating-Hodges Federal #1	30-015-05752	19S	31E	06	P
SWR Operating-Keohane C					
Federal #1	30-015-05595	18S	31E	21	P
SWR Operating-Nickson A #1	30-015-05731	19S	31E	04	D
SWR Operating-Shugart B#3	30-015-05672	18S	31E	33	N
SWR Operating-Welch A#1	30-015-05726	19S	31E	04	B
SWR Operating-Welch A#3	30-015-05728	19S	31E	04	F
SWR Operating-Welch A#3	30-015-05729	19S	31E	04	C
SWR Operating-Welch "A" # 2	30-015-05727	19S	31E	04	G
SWR Operating-Shugart "B" # 1	30-015-05670	18S	31E	33	O