

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

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Oil Conservation Division

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE SUPERVISOR OF DISTRICT II, FOR AN ORDER
REQUIRING IT PROPERTIES TO PROPERLY PLUG TWO (2) WELLS,
ASSESSING AN APPROPRIATE CIVIL PENATY IN EVENT OF OPERATOR'S
FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG SAID
WELLS AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING
BOND; EDDY COUNTY, NEW MEXICO.**

CASE NO. 13128

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. IT Properties ("Operator") is the operator of the following well or wells located in Eddy County, New Mexico and hereinafter called the "subject well(s):"

API	WELL NAME	ULSTR	EW	
			NS FTG	FTG
30-015-21971	DHY STATE B #001	L-11-19S-28E	1980S	990W
30-015-23119	SIEGREST STATE #001	H-25-19S-23E	1980N	990E

2. Operator has posted a blanket surety bond in the amount of \$50,000 to secure its obligation to properly plug and abandon all its wells in the State of New Mexico 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 all wells operated by Operator. Gulf Insurance Company is the surety on said bond, and the number of the bond is 58-54-63

3. The subject well(s) have not produced any hydrocarbon or carbon dioxide substance nor been used 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 or Gulf Insurance Company, its surety, 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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