

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 I, FOR AN ORDER REQUIRING ENERGYPRO, INC. TO PROPERLY PLUG ONE WELL, 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; LEA COUNTY, NEW MEXICO.

CASE NO. 13165

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. EnergyPro Inc. ("Operator") is the operator of the well Huber State #1, API #30-025-27290, located at Lot 1, Section 5, Township 16 South, Range 38 East, in Lea County, New Mexico. The said well is hereinafter called the "subject well."

2. Operator has posted a single well surety bond in the amount of \$10,000 to secure its obligation to properly plug and abandon subject well 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 subject well operated by Operator. Underwriters Indemnity Company is the surety on said bond, and the number of the bond is BO5184.

3. The subject well has neither produced any hydrocarbon or carbon dioxide substance nor been used for injection for more than one year and is no longer usable for

*Before the OCD*

Ex. 8

beneficial purposes. The Division has not approved temporary abandonment of the subject well.

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

- A. Determining whether the subject well should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the subject well should be plugged, directing the Operator to plug the well 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 Underwriters Indemnity Company, its surety, fails to plug and abandon the subject well as ordered by the Director, the Division be authorized: (i) to plug the subject well 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 in excess of the amount of the bond or other security, if any.
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,



Gail MacQuesten  
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)-476-3451

Attorney for The New Mexico Oil  
Conservation Division

Case No. 13165. **Application of the New Mexico Oil Conservation Division for an Order Requiring EnergyPro Inc. to Properly Plug One Well, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Well in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Lea County, New Mexico.** The Applicant seeks an order requiring EnergyPro Inc., the operator of one inactive well in Lea 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 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 well is: Huber State #1, API #30-025-27290, Lot 1, Section 5, Township 16 South, Range 38 East, Lea County, New Mexico.